



2000-2002

EXECUTIVE BUDGET

TOURISM
DEVELOPMENT

Tourism Development

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 39,318,500 | 55,536,500 | 55,782,000 | 39,064,900 | 41,877,700 |
| Total General Fund | 39,318,500 | 55,536,500 | 55,782,000 | 39,064,900 | 41,877,700 |
| Restricted Funds | | | | | |
| Balance Forward | 28,410,700 | 25,963,700 | 25,204,400 | 25,963,700 | 25,709,800 |
| Current Receipts | 103,645,000 | 109,528,800 | 112,735,700 | 109,232,300 | 112,438,700 |
| Non-Revenue Receipts | -2,193,900 | -3,300,000 | -2,950,000 | -3,300,000 | -2,950,000 |
| Total Restricted Funds | 129,861,800 | 132,192,500 | 134,990,100 | 131,896,000 | 135,198,500 |
| Federal Funds | | | | | |
| Balance Forward | 532,200 | | | | |
| Current Receipts | 7,359,500 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Non-Revenue Receipts | -526,100 | | | | |
| Total Federal Funds | 7,365,600 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| TOTAL SOURCE OF FUNDS | 176,545,900 | 194,729,000 | 197,772,100 | 177,960,900 | 184,076,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 92,824,800 | 102,044,000 | 106,649,600 | 96,999,900 | 102,238,700 |
| Operating Expenses | 49,923,200 | 51,593,500 | 52,229,000 | 49,030,100 | 50,132,200 |
| Grants, Loans or Benefits | 2,774,400 | 8,479,200 | 3,535,700 | 2,829,200 | 2,885,700 |
| Debt Service | 896,000 | 2,611,000 | 7,011,000 | 371,000 | 427,000 |
| Capital Outlay | 4,163,800 | 4,796,900 | 4,101,100 | 3,020,900 | 2,738,200 |
| TOTAL EXPENDITURES | 150,582,200 | 169,524,600 | 173,526,400 | 152,251,100 | 158,421,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 39,318,500 | 55,536,500 | 55,782,000 | 39,064,900 | 41,877,700 |
| Restricted Funds | 103,898,100 | 106,988,100 | 110,744,400 | 106,186,200 | 109,544,100 |
| Federal Funds | 7,365,600 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| TOTAL EXPENDITURES | 150,582,200 | 169,524,600 | 173,526,400 | 152,251,100 | 158,421,800 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 1,279,900 | 6,875,800 | 2,690,400 | 1,342,100 | 1,778,700 |
| Breaks Interstate Park | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Travel | 7,236,500 | 8,054,100 | 8,230,500 | 7,286,900 | 7,487,900 |
| Parks | 75,707,600 | 86,399,600 | 85,564,500 | 76,399,100 | 79,819,500 |
| Kentucky Horse Park | 6,409,000 | 6,721,000 | 7,661,500 | 6,363,300 | 6,690,600 |
| Kentucky State Fair Board | 27,925,200 | 28,636,200 | 35,759,500 | 28,359,200 | 29,379,500 |
| Fish and Wildlife Resources | 31,824,000 | 32,587,900 | 33,370,000 | 32,250,500 | 33,015,600 |
| TOTAL EXPENDITURES | 150,582,200 | 169,524,600 | 173,526,400 | 152,251,100 | 158,421,800 |

The Tourism Development Cabinet was established by KRS 148.522 to facilitate efficiency and improved administration by the Commonwealth in promoting the tourism industry in Kentucky. Estimates project tourism spending in excess of \$7.8 billion annually, making tourism Kentucky's third-largest industry. The tourism industry, Kentucky's second-largest private employer, provides employment for approximately 148,000 Kentuckians. In addition, tourism related industries and businesses generate approximately \$866 million of state and local tax revenues in the Commonwealth.

**Tourism Development
Secretary**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,276,100 | 6,875,800 | 2,590,400 | 1,342,100 | 1,678,700 |
| Total General Fund | 1,276,100 | 6,875,800 | 2,590,400 | 1,342,100 | 1,678,700 |
| Restricted Funds | | | | | |
| Balance Forward | 3,800 | | | | |
| Current Receipts | | | 100,000 | | 100,000 |
| Total Restricted Funds | 3,800 | | 100,000 | | 100,000 |
| TOTAL SOURCE OF FUNDS | 1,279,900 | 6,875,800 | 2,690,400 | 1,342,100 | 1,778,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 840,800 | 997,000 | 1,305,900 | 898,100 | 1,255,700 |
| Operating Expenses | 169,100 | 158,800 | 664,500 | 174,000 | 253,000 |
| Grants, Loans or Benefits | 270,000 | 5,720,000 | 720,000 | 270,000 | 270,000 |
| TOTAL EXPENDITURES | 1,279,900 | 6,875,800 | 2,690,400 | 1,342,100 | 1,778,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 1,276,100 | 6,875,800 | 2,590,400 | 1,342,100 | 1,678,700 |
| Restricted Funds | 3,800 | | 100,000 | | 100,000 |
| TOTAL EXPENDITURES | 1,279,900 | 6,875,800 | 2,690,400 | 1,342,100 | 1,778,700 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 1,181,000 | 6,774,500 | 2,586,700 | 1,190,600 | 1,627,000 |
| Administrative Services | 98,900 | 101,300 | 103,700 | 136,000 | 142,100 |
| Wage Equity | | | | 15,500 | 9,600 |
| TOTAL EXPENDITURES | 1,279,900 | 6,875,800 | 2,690,400 | 1,342,100 | 1,778,700 |

The Office of the Secretary of the Tourism Development Cabinet coordinates efforts for improved management and effective service among the various agencies within the Cabinet.

The Executive Policy and Management program provides the central coordination and administrative direction for the overall planning and management of the agencies within the Cabinet. This program is responsible for developing plans to assure orderly growth and improved management, to recommend executive actions and legislative measures, and to evaluate agency budget requests. This program also markets and promotes our state to the film industries in order to attract television and feature movie productions to Kentucky.

The Administrative Services program oversees accounting, budgetary, and personnel functions, as well as providing support services, including purchasing controls and property management, to other Cabinet agencies.

Funding of \$270,000 is provided in each year of the biennium for Outdoor Drama Grants.

The Appalachian/Kentucky Artisans Gateway Center Authority was created by Executive Order 99-331 and attached for administrative purposes to the Tourism Development Cabinet.

Policy

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$15,500 in fiscal year 2001 and \$9,600 in fiscal year 2002 for the Wage Equity Plan. Additional General Fund support of \$300,000 in fiscal year 2002 is provided for operating costs and for staffing (14 permanent) for the Artisans Center – Berea.

**Tourism Development
Breaks Interstate Park**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Total General Fund | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| TOTAL SOURCE OF FUNDS | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| TOTAL EXPENDITURES | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| TOTAL EXPENDITURES | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 |

This program provides funds for the maintenance and operation of the Breaks Interstate Park to preserve and protect the scenic and natural values of the Park for the benefit of present and future generations. The Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission which is composed of three members from each state appointed by the respective governors. Kentucky provides financial support for the Park in the form of a grant to the Commission.

The Park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 370,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

Policy

Additional General Fund support of \$50,000 is provided in each year of the biennium for operating costs to match an appropriation from the Commonwealth of Virginia.

**Tourism Development
Travel**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 7,177,800 | 8,050,100 | 8,226,500 | 7,282,900 | 7,483,900 |
| Total General Fund | 7,177,800 | 8,050,100 | 8,226,500 | 7,282,900 | 7,483,900 |
| Restricted Funds | | | | | |
| Balance Forward | 20,600 | | | | |
| Current Receipts | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Total Restricted Funds | 24,600 | 4,000 | 4,000 | 4,000 | 4,000 |
| Federal Funds | | | | | |
| Balance Forward | 6,100 | | | | |
| Current Receipts | 28,000 | | | | |
| Total Federal Funds | 34,100 | | | | |
| TOTAL SOURCE OF FUNDS | 7,236,500 | 8,054,100 | 8,230,500 | 7,286,900 | 7,487,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 4,953,500 | 5,618,300 | 5,747,100 | 5,060,900 | 5,261,900 |
| Operating Expenses | 1,453,000 | 1,405,800 | 1,453,400 | 1,396,000 | 1,396,000 |
| Grants, Loans or Benefits | 830,000 | 1,030,000 | 1,030,000 | 830,000 | 830,000 |
| TOTAL EXPENDITURES | 7,236,500 | 8,054,100 | 8,230,500 | 7,286,900 | 7,487,900 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 7,177,800 | 8,050,100 | 8,226,500 | 7,282,900 | 7,483,900 |
| Restricted Funds | 24,600 | 4,000 | 4,000 | 4,000 | 4,000 |
| Federal Funds | 34,100 | | | | |
| TOTAL EXPENDITURES | 7,236,500 | 8,054,100 | 8,230,500 | 7,286,900 | 7,487,900 |
| EXPENDITURES BY UNIT | | | | | |
| Executive Policy and Management | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| Tourism Services | 1,909,800 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| Marketing and Advertising | 4,704,700 | 5,404,000 | 5,466,200 | 4,820,500 | 4,917,800 |
| Wage Equity | | | | 58,000 | 75,000 |
| TOTAL EXPENDITURES | 7,236,500 | 8,054,100 | 8,230,500 | 7,286,900 | 7,487,900 |

The Department of Travel was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

Policy

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$58,000 in fiscal year 2001 and \$75,000 in fiscal year 2002 for the Wage Equity Plan.

**Tourism Development
Travel
Executive Policy and Management**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|----------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| Total General Fund | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| TOTAL SOURCE OF FUNDS | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 392,800 | 416,900 | 438,100 | 433,000 | 455,100 |
| Operating Expenses | 229,200 | 240,200 | 256,600 | 141,000 | 141,000 |
| TOTAL EXPENDITURES | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |
| TOTAL EXPENDITURES | 622,000 | 657,100 | 694,700 | 574,000 | 596,100 |

The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

**Tourism Development
Travel
Tourism Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,875,700 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| Total General Fund | 1,875,700 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| Federal Funds | | | | | |
| Balance Forward | 6,100 | | | | |
| Current Receipts | 28,000 | | | | |
| Total Federal Funds | 34,100 | | | | |
| TOTAL SOURCE OF FUNDS | 1,909,800 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 1,241,800 | 1,341,700 | 1,413,300 | 1,205,400 | 1,270,000 |
| Operating Expenses | 668,000 | 651,300 | 656,300 | 629,000 | 629,000 |
| TOTAL EXPENDITURES | 1,909,800 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 1,875,700 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |
| Federal Funds | 34,100 | | | | |
| TOTAL EXPENDITURES | 1,909,800 | 1,993,000 | 2,069,600 | 1,834,400 | 1,899,000 |

The Tourism Services Division operates highway welcome centers in Florence, Franklin, Grayson, Hopkinsville, Paducah, Shelbyville, Shepherdsville, and Williamsburg; generates sales revenue to Kentucky's tourism industry through trade show participation and pursuit of group, commercial, and individual markets; and disseminates tourism information to tourists and potential visitors via a telephone system, direct mail, and the highway welcome centers.

The goal of the Tourism Services Division is to conduct a comprehensive travel promotion campaign and to serve Kentucky's

**Tourism Development
Travel
Marketing and Advertising**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 4,680,100 | 5,400,000 | 5,462,200 | 4,816,500 | 4,913,800 |
| Total General Fund | 4,680,100 | 5,400,000 | 5,462,200 | 4,816,500 | 4,913,800 |
| Restricted Funds | | | | | |
| Balance Forward | 20,600 | | | | |
| Current Receipts | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Total Restricted Funds | 24,600 | 4,000 | 4,000 | 4,000 | 4,000 |
| TOTAL SOURCE OF FUNDS | 4,704,700 | 5,404,000 | 5,466,200 | 4,820,500 | 4,917,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,318,900 | 3,859,700 | 3,895,700 | 3,364,500 | 3,461,800 |
| Operating Expenses | 555,800 | 514,300 | 540,500 | 626,000 | 626,000 |
| Grants, Loans or Benefits | 830,000 | 1,030,000 | 1,030,000 | 830,000 | 830,000 |
| TOTAL EXPENDITURES | 4,704,700 | 5,404,000 | 5,466,200 | 4,820,500 | 4,917,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 4,680,100 | 5,400,000 | 5,462,200 | 4,816,500 | 4,913,800 |
| Restricted Funds | 24,600 | 4,000 | 4,000 | 4,000 | 4,000 |
| TOTAL EXPENDITURES | 4,704,700 | 5,404,000 | 5,466,200 | 4,820,500 | 4,917,800 |

The Marketing and Advertising Division develops and coordinates state tourism advertising and tourism media placement; coordinates and produces tourism brochures and sales promotion materials; assists non-profit private sector groups with advertising and promotion costs through matching funds and cooperative advertising programs; and develops and maintains a marketing and research data base on Kentucky's tourism industry.

The goal of this program is to develop, coordinate, and maintain a comprehensive advertising campaign to promote Kentucky as a tourism destination.

Policy

Included is \$2,719,000 in fiscal year 2001 and \$2,784,000 in fiscal year 2002 for the comprehensive advertising program contract. Also included is \$800,000 in each year of the biennium for the matching funds advertising program to be used for regional cooperative advertising campaigns.

Funding of \$30,000 is provided in each year of the biennium to fund a 50 percent cash match from local and/or regional entities for international tourism activity including trade missions, advertising, and multi-lingual brochure translations.

Funds are provided in each year of the biennium to match Transportation Cabinet funds to reimburse the Mississippi River Parkway Commission for expenses (KRS 176.500).

**Tourism Development
Parks**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|-------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 28,625,600 | 38,041,100 | 35,776,400 | 28,336,600 | 30,327,600 |
| Total General Fund | 28,625,600 | 38,041,100 | 35,776,400 | 28,336,600 | 30,327,600 |
| Restricted Funds | | | | | |
| Balance Forward | 3,466,600 | 2,385,000 | 2,280,000 | 2,385,000 | 2,280,000 |
| Current Receipts | 46,000,400 | 48,253,500 | 49,858,100 | 47,957,500 | 49,561,900 |
| Total Restricted Funds | 49,467,000 | 50,638,500 | 52,138,100 | 50,342,500 | 51,841,900 |
| TOTAL SOURCE OF FUNDS | 78,092,600 | 88,679,600 | 87,914,500 | 78,679,100 | 82,169,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 44,650,100 | 50,914,400 | 52,950,900 | 47,218,800 | 49,776,600 |
| Operating Expenses | 28,865,900 | 30,535,200 | 30,313,600 | 28,035,300 | 28,886,900 |
| Grants, Loans or Benefits | 50,000 | | | | |
| Debt Service | 525,000 | 2,240,000 | | | 56,000 |
| Capital Outlay | 1,616,600 | 2,710,000 | 2,300,000 | 1,145,000 | 1,100,000 |
| TOTAL EXPENDITURES | 75,707,600 | 86,399,600 | 85,564,500 | 76,399,100 | 79,819,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 28,625,600 | 38,041,100 | 35,776,400 | 28,336,600 | 30,327,600 |
| Restricted Funds | 47,082,000 | 48,358,500 | 49,788,100 | 48,062,500 | 49,491,900 |
| TOTAL EXPENDITURES | 75,707,600 | 86,399,600 | 85,564,500 | 76,399,100 | 79,819,500 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Support | 9,444,000 | 9,793,800 | 10,183,700 | 9,196,300 | 9,628,500 |
| Resort Parks | 51,898,300 | 59,125,400 | 59,834,400 | 52,591,600 | 54,537,600 |
| Recreation Parks and Historic Sites | 12,829,800 | 14,165,500 | 14,382,000 | 12,612,200 | 12,836,400 |
| Cafeterias | 1,010,500 | 1,074,900 | 1,164,400 | 638,000 | 704,000 |
| Debt Service | 525,000 | 2,240,000 | | | 56,000 |
| Wage Equity | | | | 1,361,000 | 2,057,000 |
| TOTAL EXPENDITURES | 75,707,600 | 86,399,600 | 85,564,500 | 76,399,100 | 79,819,500 |

The Department of Parks administers and operates the Kentucky State Park System under the authority of KRS 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, ten historic sites, and the Capitol Annex Cafeteria in Frankfort.

Policy

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$1,361,000 in fiscal year 2001 and \$2,057,000 in fiscal year 2002 for the Wage Equity Plan.

**Tourism Development
Parks
General Administration and Support**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 9,194,000 | 9,543,800 | 9,933,700 | 8,946,300 | 9,378,500 |
| Total General Fund | 9,194,000 | 9,543,800 | 9,933,700 | 8,946,300 | 9,378,500 |
| Restricted Funds | | | | | |
| Balance Forward | 49,200 | 49,200 | | 49,200 | |
| Current Receipts | 250,000 | 200,800 | 250,000 | 200,800 | 250,000 |
| Total Restricted Funds | 299,200 | 250,000 | 250,000 | 250,000 | 250,000 |
| TOTAL SOURCE OF FUNDS | 9,493,200 | 9,793,800 | 10,183,700 | 9,196,300 | 9,628,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 7,887,800 | 8,320,600 | 8,584,700 | 7,768,100 | 8,029,500 |
| Operating Expenses | 1,556,200 | 1,473,200 | 1,599,000 | 1,428,200 | 1,599,000 |
| TOTAL EXPENDITURES | 9,444,000 | 9,793,800 | 10,183,700 | 9,196,300 | 9,628,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 9,194,000 | 9,543,800 | 9,933,700 | 8,946,300 | 9,378,500 |
| Restricted Funds | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| TOTAL EXPENDITURES | 9,444,000 | 9,793,800 | 10,183,700 | 9,196,300 | 9,628,500 |

The General Administration and Support program provides an organizational and administrative system which ensures that the park system's 50 operations are maintained and operated in an efficient manner.

**Tourism Development
Parks
Resort Parks**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 12,864,600 | 18,765,500 | 18,247,800 | 12,231,700 | 12,951,000 |
| Total General Fund | 12,864,600 | 18,765,500 | 18,247,800 | 12,231,700 | 12,951,000 |
| Restricted Funds | | | | | |
| Balance Forward | 2,621,800 | 1,900,000 | 1,950,000 | 1,900,000 | 1,950,000 |
| Current Receipts | 38,311,900 | 40,409,900 | 41,636,600 | 40,409,900 | 41,636,600 |
| Total Restricted Funds | 40,933,700 | 42,309,900 | 43,586,600 | 42,309,900 | 43,586,600 |
| TOTAL SOURCE OF FUNDS | 53,798,300 | 61,075,400 | 61,834,400 | 54,541,600 | 56,537,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 28,714,700 | 33,252,600 | 34,615,500 | 30,032,500 | 31,254,700 |
| Operating Expenses | 21,996,800 | 23,707,800 | 23,218,900 | 21,659,100 | 22,182,900 |
| Grants, Loans or Benefits | 50,000 | | | | |
| Capital Outlay | 1,136,800 | 2,165,000 | 2,000,000 | 900,000 | 1,100,000 |
| TOTAL EXPENDITURES | 51,898,300 | 59,125,400 | 59,834,400 | 52,591,600 | 54,537,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 12,864,600 | 18,765,500 | 18,247,800 | 12,231,700 | 12,951,000 |
| Restricted Funds | 39,033,700 | 40,359,900 | 41,586,600 | 40,359,900 | 41,586,600 |
| TOTAL EXPENDITURES | 51,898,300 | 59,125,400 | 59,834,400 | 52,591,600 | 54,537,600 |

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

| | |
|---|---|
| Barren River Resort Park - Barren County | Kenlake Resort Park - Marshall County |
| Blue Licks Battlefield State Park - Robertson County | Kentucky Dam Village Resort - Marshall County |
| Buckhorn Lake Resort Park - Perry County | Lake Barkley Resort Park - Trigg County |
| Carter Caves Resort Park - Carter County | Lake Cumberland Resort Park - Russell County |
| Cumberland Falls Resort Park - Whitley County | Natural Bridge Resort Park - Powell County |
| Dale Hollow Resort Park - Cumberland and Clinton Counties | Pennyrile Forest Resort Park - Christian County |
| General Butler Resort Park - Carroll County | Pine Mountain Resort Park - Bell County |
| Greenbo Lake Resort Park - Greenup County | Rough River Resort Park - Grayson County |
| Jenny Wiley Resort Park - Floyd County | |

It is projected that in fiscal year 2001, the resort parks will provide overnight accommodations for 615,000 guests and serve 1.8 million meals.

Policy

Additional funding of \$494,000 is provided in fiscal year 2001 and \$526,800 in fiscal year 2002 for operating costs and staffing (12 permanent /ten interim) of the new course at Pine Mountain State Resort Park.

Additional funding of \$205,900 is provided in fiscal year 2000, \$431,500 in fiscal year 2001, and \$442,500 in fiscal year 2002 for operating costs and staffing (13 permanent/eight interim) of the new conference center at General Butler State Resort Park.

Additional funding of \$56,000 is provided in fiscal year 2001 and \$57,000 in fiscal year 2002 for operating costs and staffing (one permanent) of the 16 room addition to the lodge at Blue Licks Battlefield State Resort Park

Additional funding of \$179,200 is provided in fiscal year 2001 and \$183,600 in fiscal year 2002 for operating costs and staffing (four permanent/three interim) of the 30 room addition to the lodge at Dale Hollow State Resort Park

**Tourism Development
Parks
Recreation Parks and Historic Sites**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 5,641,000 | 7,131,600 | 7,077,100 | 5,578,300 | 5,531,500 |
| Total General Fund | 5,641,000 | 7,131,600 | 7,077,100 | 5,578,300 | 5,531,500 |
| Restricted Funds | | | | | |
| Balance Forward | 669,800 | 310,000 | 330,000 | 310,000 | 330,000 |
| Current Receipts | 6,829,000 | 7,053,900 | 7,324,900 | 7,053,900 | 7,324,900 |
| Total Restricted Funds | 7,498,800 | 7,363,900 | 7,654,900 | 7,363,900 | 7,654,900 |
| TOTAL SOURCE OF FUNDS | 13,139,800 | 14,495,500 | 14,732,000 | 12,942,200 | 13,186,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 7,505,300 | 8,733,500 | 9,091,000 | 7,634,200 | 7,969,400 |
| Operating Expenses | 4,844,700 | 4,887,000 | 4,991,000 | 4,733,000 | 4,867,000 |
| Capital Outlay | 479,800 | 545,000 | 300,000 | 245,000 | |
| TOTAL EXPENDITURES | 12,829,800 | 14,165,500 | 14,382,000 | 12,612,200 | 12,836,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 5,641,000 | 7,131,600 | 7,077,100 | 5,578,300 | 5,531,500 |
| Restricted Funds | 7,188,800 | 7,033,900 | 7,304,900 | 7,033,900 | 7,304,900 |
| TOTAL EXPENDITURES | 12,829,800 | 14,165,500 | 14,382,000 | 12,612,200 | 12,836,400 |

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines. In fiscal year 2001, the camping areas will attract approximately 315,000 visitors and museum visitation should approach 295,000.

Park Facilities

Ben Hawes State Park – Daviess County
 Big Bone Lick State Park - Boone County
 Carr Creek State Park - Knott County
 Columbus-Belmont Battlefield State Park – Hickman County
 E. P. "Tom" Sawyer State Park – Jefferson County
 Fort Boonesborough State Park – Madison County
 General Burnside State Park - Pulaski County
 Grayson Lake State Park - Elliott and Carter Counties
 Green River Lake State Park - Taylor County
 John James Audubon State Park – Henderson County
 Kincaid Lake State Park - Pendleton County
 Kingdom Come State Park - Harlan County
 Lake Malone State Park - Muhlenberg County
 Levi Jackson Wilderness Road State Park - Laurel County
 Lincoln Homestead State Park – Washington County
 Mineral Mound State Park - Lyon County
 My Old Kentucky Home State Park – Nelson County
 Nolin Lake State Park - Edmonson County

Historic Sites

Boone Station – Fayette County
 Constitution Square State Shrine - Boyle County
 Dr. Thomas Walker State Shrine - Knox County
 Isaac Shelby State Shrine - Lincoln County
 Jefferson Davis Monument State Shrine - Todd County
 Old Mulkey Meeting House State Shrine - Monroe County
 Perryville Battlefield State Shrine - Boyle County
 Waveland State Shrine - Fayette County
 White Hall State Shrine - Madison County
 William Whitley House State Shrine - Lincoln County

Old Fort Harrod State Park - Mercer County
Paintsville Lake State Park - Johnson County
Taylorsville Lake State Park - Spencer County
Yatesville Lake State Park - Lawrence County

Policy

Additional funding of \$67,300 (\$57,300 General Fund) is provided in fiscal year 2001 and \$103,200 (\$63,200 General Fund) in fiscal year 2002 for operating costs and staffing (one permanent/six interim) for the Paintsville Lake Campground

Additional funding of \$72,600 (\$62,600 General Fund) is provided in fiscal year 2001 and \$104,000 (\$64,000 General Fund) in fiscal year 2002 for operating costs and staffing (two permanent/five interim) for the Nolin Lake Campground

Additional General Fund support of \$34,400 is provided in fiscal year 2001 and \$36,400 in fiscal year 2002 for staffing (two permanent) at the Perryville Battlefield State Shrine

Additional General Fund support of \$20,200 in fiscal year 2001 and \$21,400 in fiscal year 2002 is provided for a park ranger (one full-time) at Yatesville Lake State Park.

**Tourism Development
Parks
Debt Service**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 525,000 | 2,240,000 | | | 56,000 |
| Total General Fund | 525,000 | 2,240,000 | | | 56,000 |
| TOTAL SOURCE OF FUNDS | 525,000 | 2,240,000 | | | 56,000 |
| EXPENDITURES BY CLASS | | | | | |
| Debt Service | 525,000 | 2,240,000 | | | 56,000 |
| TOTAL EXPENDITURES | 525,000 | 2,240,000 | | | 56,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 525,000 | 2,240,000 | | | 56,000 |
| TOTAL EXPENDITURES | 525,000 | 2,240,000 | | | 56,000 |

All currently authorized General Fund debt service costs will be budgeted in the Finance and Administration Cabinet in the 2000-2002 biennium.

Policy

Additional funding of \$56,000 in fiscal year 2002 is provided to pay debt service.

**Tourism Development
Kentucky Horse Park**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,632,000 | 1,912,500 | 2,542,700 | 1,446,300 | 1,730,500 |
| Total General Fund | 1,632,000 | 1,912,500 | 2,542,700 | 1,446,300 | 1,730,500 |
| Restricted Funds | | | | | |
| Balance Forward | 371,000 | 329,000 | 644,000 | 329,000 | 535,000 |
| Current Receipts | 4,735,000 | 5,123,500 | 4,733,800 | 5,123,000 | 4,733,000 |
| Total Restricted Funds | 5,106,000 | 5,452,500 | 5,377,800 | 5,452,000 | 5,268,000 |
| TOTAL SOURCE OF FUNDS | 6,738,000 | 7,365,000 | 7,920,500 | 6,898,300 | 6,998,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,774,000 | 4,067,100 | 4,267,400 | 3,989,300 | 4,261,600 |
| Operating Expenses | 2,551,000 | 2,358,900 | 2,496,200 | 2,290,000 | 2,345,000 |
| Debt Service | | | 651,000 | | |
| Capital Outlay | 84,000 | 295,000 | 246,900 | 84,000 | 84,000 |
| TOTAL EXPENDITURES | 6,409,000 | 6,721,000 | 7,661,500 | 6,363,300 | 6,690,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 1,632,000 | 1,912,500 | 2,542,700 | 1,446,300 | 1,730,500 |
| Restricted Funds | 4,777,000 | 4,808,500 | 5,118,800 | 4,917,000 | 4,960,100 |
| TOTAL EXPENDITURES | 6,409,000 | 6,721,000 | 7,661,500 | 6,363,300 | 6,690,600 |
| EXPENDITURES BY UNIT | | | | | |
| Kentucky Horse Park | 6,409,000 | 6,721,000 | 7,661,500 | 6,269,300 | 6,564,100 |
| Wage Equity | | | | 94,000 | 126,500 |
| TOTAL EXPENDITURES | 6,409,000 | 6,721,000 | 7,661,500 | 6,363,300 | 6,690,600 |

The 1,032-acre Kentucky Horse Park is a recreational and educational park featuring an exclusive movie, a farrier shop, a tack shop, a parade of breeds show, horse-drawn tours, the International Museum of the Horse, and the American Saddlebred Museum. Other attractions include: the Man O'War Memorial, Hall of Champions, Secretariat Memorial, a gift shop, an art gallery, two food service facilities, and horseback riding. Other facilities include a 260-site campground with a grocery, souvenir shop, pool, croquet, tennis, and basketball courts; 1,076 stalls for horse shows and some of the finest equine eventing facilities in the world, including a covered arena, six polo fields, show rings, and a steeplechase course. Central Kentucky Riding for the Handicapped and the National Horse Center Office Complex, which includes 14 horse-related organizations, are also located at the Park.

The purpose of the Kentucky Horse Park is to be the world's definitive equestrian educational facility dedicated to all breeds of horses; to provide show facilities capable of hosting national and international equestrian competitions in many disciplines; and to provide a positive impact on both the local and state economies by establishing itself as a nationally recognized tourist attraction.

The Horse Park provides recreational and educational activities for over 750,000 visitors a year through its regular activities and special events. In addition, the Park serves as an educational facility for approximately 20,000 student visitors from the Commonwealth.

Policy

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$94,000 in fiscal year 2001 and \$126,500 in fiscal year 2002 for the Wage Equity Plan. All currently authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2000-2002 biennium.

**Tourism Development
Kentucky State Fair Board**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|-------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 407,000 | 407,000 | 6,396,000 | 407,000 | 407,000 |
| Total General Fund | 407,000 | 407,000 | 6,396,000 | 407,000 | 407,000 |
| Restricted Funds | | | | | |
| Balance Forward | 2,671,200 | 2,340,200 | 2,338,800 | 2,340,200 | 2,615,800 |
| Current Receipts | 28,987,200 | 30,827,800 | 31,619,800 | 30,827,800 | 31,619,800 |
| Non-Revenue Receipts | -1,800,000 | -2,600,000 | -2,250,000 | -2,600,000 | -2,250,000 |
| Total Restricted Funds | 29,858,400 | 30,568,000 | 31,708,600 | 30,568,000 | 31,985,600 |
| TOTAL SOURCE OF FUNDS | 30,265,400 | 30,975,000 | 38,104,600 | 30,975,000 | 32,392,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 15,091,000 | 15,792,300 | 16,510,000 | 15,515,300 | 16,169,000 |
| Operating Expenses | 10,394,500 | 10,730,200 | 10,943,300 | 10,730,200 | 10,893,300 |
| Grants, Loans or Benefits | 1,424,400 | 1,479,200 | 1,535,700 | 1,479,200 | 1,535,700 |
| Debt Service | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |
| Capital Outlay | 644,300 | 263,500 | 410,500 | 263,500 | 410,500 |
| TOTAL EXPENDITURES | 27,925,200 | 28,636,200 | 35,759,500 | 28,359,200 | 29,379,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 407,000 | 407,000 | 6,396,000 | 407,000 | 407,000 |
| Restricted Funds | 27,518,200 | 28,229,200 | 29,363,500 | 27,952,200 | 28,972,500 |
| TOTAL EXPENDITURES | 27,925,200 | 28,636,200 | 35,759,500 | 28,359,200 | 29,379,500 |
| EXPENDITURES BY UNIT | | | | | |
| Kentucky Fair and Exposition Center | 23,218,700 | 24,209,600 | 25,071,500 | 23,979,600 | 24,729,500 |
| Commonwealth Convention Center | 4,335,500 | 4,055,600 | 4,328,000 | 4,008,600 | 4,279,000 |
| Debt Service | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |
| TOTAL EXPENDITURES | 27,925,200 | 28,636,200 | 35,759,500 | 28,359,200 | 29,379,500 |

The Kentucky State Fair Board is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. Five of the 12 members appointed by the Governor are selected from nominations from the Kentucky Association of Fairs and Horse Shows, the Kentucky Livestock Improvements Association, the Kentucky State National Farmers Organization, the American Saddle Horse Breeders Association, and the Kentucky Farm Bureau Federation. The Board has control and custody of the funds, buildings, grounds, and equipment of the Kentucky Fair and Exposition Center and the Commonwealth Convention Center in Louisville, as outlined in KRS 247. A president is appointed by the Board to manage the Centers.

**Tourism Development
Kentucky State Fair Board
Kentucky Fair and Exposition Center**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 407,000 | 407,000 | 407,000 | 407,000 | 407,000 |
| Total General Fund | 407,000 | 407,000 | 407,000 | 407,000 | 407,000 |
| Restricted Funds | | | | | |
| Balance Forward | 2,102,700 | 2,308,300 | 2,302,200 | 2,308,300 | 2,532,200 |
| Current Receipts | 25,138,300 | 26,767,500 | 27,293,300 | 26,767,500 | 27,293,300 |
| Non-Revenue Receipts | -2,121,000 | -2,971,000 | -2,621,000 | -2,971,000 | -2,621,000 |
| Total Restricted Funds | 25,120,000 | 26,104,800 | 26,974,500 | 26,104,800 | 27,204,500 |
| TOTAL SOURCE OF FUNDS | 25,527,000 | 26,511,800 | 27,381,500 | 26,511,800 | 27,611,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 13,099,300 | 13,702,500 | 14,317,200 | 13,472,500 | 14,025,200 |
| Operating Expenses | 8,435,700 | 8,888,400 | 9,046,100 | 8,888,400 | 8,996,100 |
| Grants, Loans or Benefits | 1,424,400 | 1,479,200 | 1,535,700 | 1,479,200 | 1,535,700 |
| Capital Outlay | 259,300 | 139,500 | 172,500 | 139,500 | 172,500 |
| TOTAL EXPENDITURES | 23,218,700 | 24,209,600 | 25,071,500 | 23,979,600 | 24,729,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 407,000 | 407,000 | 407,000 | 407,000 | 407,000 |
| Restricted Funds | 22,811,700 | 23,802,600 | 24,664,500 | 23,572,600 | 24,322,500 |
| TOTAL EXPENDITURES | 23,218,700 | 24,209,600 | 25,071,500 | 23,979,600 | 24,729,500 |

The Kentucky Fair and Exposition Center provides both facilities and services for various conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions on a year-round basis. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Fair and Exposition Center is a completely air-conditioned complex that includes one million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South Wing Exposition Facility and Conference Center, a smaller exposition Pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Fair and Exposition Center are the adjacent Executive Inn East, Executive Inn West, Executive Bowl, and the Kentucky Kingdom Amusement Park, all of which are long-term lessees of the State Fair Board.

Policy

Funding of \$407,000 from the General Fund is provided each year of the biennium for the North American International Livestock Exposition program.

**Tourism Development
Kentucky State Fair Board
Debt Service**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | | | 5,989,000 | | |
| Total General Fund | | | 5,989,000 | | |
| Restricted Funds | | | | | |
| Non-Revenue Receipts | 371,000 | 371,000 | 371,000 | 371,000 | 371,000 |
| Total Restricted Funds | 371,000 | 371,000 | 371,000 | 371,000 | 371,000 |
| TOTAL SOURCE OF FUNDS | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |
| EXPENDITURES BY CLASS | | | | | |
| Debt Service | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |
| TOTAL EXPENDITURES | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | | | 5,989,000 | | |
| Restricted Funds | 371,000 | 371,000 | 371,000 | 371,000 | 371,000 |
| TOTAL EXPENDITURES | 371,000 | 371,000 | 6,360,000 | 371,000 | 371,000 |

The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted funds (\$371,000) are included in each year of the 2000-2002 biennium for Project 55 debt service payments. Project 55 provided funding for an expansion of the new South Wing - Phase II, Access Road Completion, the new Maintenance Building, and the refinancing of Projects 21 and 38.

All currently authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2000-2002 biennium.

**Tourism Development
Fish and Wildlife Resources**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 21,877,500 | 20,909,500 | 19,941,600 | 20,909,500 | 20,279,000 |
| Current Receipts | 23,918,400 | 25,320,000 | 26,420,000 | 25,320,000 | 26,420,000 |
| Non-Revenue Receipts | -393,900 | -700,000 | -700,000 | -700,000 | -700,000 |
| Total Restricted Funds | 45,402,000 | 45,529,500 | 45,661,600 | 45,529,500 | 45,999,000 |
| Federal Funds | | | | | |
| Balance Forward | 526,100 | | | | |
| Current Receipts | 7,331,500 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Non-Revenue Receipts | -526,100 | | | | |
| Total Federal Funds | 7,331,500 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| TOTAL SOURCE OF FUNDS | 52,733,500 | 52,529,500 | 52,661,600 | 52,529,500 | 52,999,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 23,515,400 | 24,654,900 | 25,868,300 | 24,317,500 | 25,513,900 |
| Operating Expenses | 6,489,700 | 6,404,600 | 6,358,000 | 6,404,600 | 6,358,000 |
| Capital Outlay | 1,818,900 | 1,528,400 | 1,143,700 | 1,528,400 | 1,143,700 |
| TOTAL EXPENDITURES | 31,824,000 | 32,587,900 | 33,370,000 | 32,250,500 | 33,015,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 24,492,500 | 25,587,900 | 26,370,000 | 25,250,500 | 26,015,600 |
| Federal Funds | 7,331,500 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| TOTAL EXPENDITURES | 31,824,000 | 32,587,900 | 33,370,000 | 32,250,500 | 33,015,600 |
| EXPENDITURES BY UNIT | | | | | |
| Administration and Support | 4,360,500 | 4,465,200 | 4,572,400 | 4,398,200 | 4,502,100 |
| Wildlife Management | 7,002,500 | 7,170,500 | 7,342,600 | 7,055,900 | 7,221,500 |
| Fisheries Management | 4,682,500 | 4,795,000 | 4,910,100 | 4,715,800 | 4,826,600 |
| Information and Education | 4,721,500 | 4,834,800 | 4,950,800 | 4,758,200 | 4,871,300 |
| Law Enforcement | 11,057,000 | 11,322,400 | 11,594,100 | 11,322,400 | 11,594,100 |
| TOTAL EXPENDITURES | 31,824,000 | 32,587,900 | 33,370,000 | 32,250,500 | 33,015,600 |

The Department of Fish and Wildlife Resources, as established by KRS 150, is responsible for the protection and improvement of fish and wildlife resources in Kentucky. The Department is headed by a Commissioner appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of five candidates provided by sportsmen's organizations in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, miscellaneous licenses, federal grants, interest income, and fines and penalties assessed by the courts for violation of game and fish laws.

Currently, the Department owns approximately 120,000 acres of land in Kentucky which are used to further its program activities. This acreage includes the State Game Farm, 75 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 1,336,000 acres of land and water are under lease or license by the Department for wildlife management activities.

**Tourism Development
Fish and Wildlife Resources
Administration and Support**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 21,877,500 | 20,909,500 | 19,941,600 | 20,909,500 | 20,008,600 |
| Current Receipts | 3,786,400 | 4,197,300 | 4,622,400 | 4,197,300 | 4,622,400 |
| Non-Revenue Receipts | -393,900 | -700,000 | -700,000 | -700,000 | -700,000 |
| Total Restricted Funds | 25,270,000 | 24,406,800 | 23,864,000 | 24,406,800 | 23,931,000 |
| TOTAL SOURCE OF FUNDS | 25,270,000 | 24,406,800 | 23,864,000 | 24,406,800 | 23,931,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,160,700 | 3,106,900 | 3,258,100 | 3,039,900 | 3,187,800 |
| Operating Expenses | 1,154,800 | 1,233,300 | 1,239,300 | 1,233,300 | 1,239,300 |
| Capital Outlay | 45,000 | 125,000 | 75,000 | 125,000 | 75,000 |
| TOTAL EXPENDITURES | 4,360,500 | 4,465,200 | 4,572,400 | 4,398,200 | 4,502,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 4,360,500 | 4,465,200 | 4,572,400 | 4,398,200 | 4,502,100 |
| TOTAL EXPENDITURES | 4,360,500 | 4,465,200 | 4,572,400 | 4,398,200 | 4,502,100 |

This program provides guidance for efficient operation of the Department by implementing policy and proper purchasing procedures, and maintaining financial records.

The Public Affairs Division is responsible for facilitating public involvement in departmental policy and regulations. Administrative Services maintains accounting records, ensures that proper purchasing and inventory procedures are followed, and distributes licenses to county clerks. The Engineering Division provides the labor and technical engineering services required for the Department's small construction projects. Duties include building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

**Tourism Development
Fish and Wildlife Resources
Wildlife Management**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | | | | | 114,600 |
| Current Receipts | 4,502,500 | 4,670,500 | 4,842,600 | 4,670,500 | 4,842,600 |
| Total Restricted Funds | 4,502,500 | 4,670,500 | 4,842,600 | 4,670,500 | 4,957,200 |
| Federal Funds | | | | | |
| Balance Forward | 209,500 | | | | |
| Current Receipts | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Non-Revenue Receipts | -209,500 | | | | |
| Total Federal Funds | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| TOTAL SOURCE OF FUNDS | 7,002,500 | 7,170,500 | 7,342,600 | 7,170,500 | 7,457,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 4,953,600 | 5,237,500 | 5,489,000 | 5,122,900 | 5,367,900 |
| Operating Expenses | 1,827,800 | 1,706,400 | 1,621,400 | 1,706,400 | 1,621,400 |
| Capital Outlay | 221,100 | 226,600 | 232,200 | 226,600 | 232,200 |
| TOTAL EXPENDITURES | 7,002,500 | 7,170,500 | 7,342,600 | 7,055,900 | 7,221,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 4,502,500 | 4,670,500 | 4,842,600 | 4,555,900 | 4,721,500 |
| Federal Funds | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| TOTAL EXPENDITURES | 7,002,500 | 7,170,500 | 7,342,600 | 7,055,900 | 7,221,500 |

The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat capacity on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private land owners for improvement of wildlife habitat conditions. A fish and wildlife electronic information system is being developed that includes geographic information such as land types, vegetation conditions, and wildlife populations for use by state agencies.

**Tourism Development
Fish and Wildlife Resources
Fisheries Management**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | | | | | 79,200 |
| Current Receipts | 1,422,500 | 1,795,000 | 1,910,100 | 1,795,000 | 1,910,100 |
| Total Restricted Funds | 1,422,500 | 1,795,000 | 1,910,100 | 1,795,000 | 1,989,300 |
| Federal Funds | | | | | |
| Balance Forward | 316,600 | | | | |
| Current Receipts | 3,260,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Non-Revenue Receipts | -316,600 | | | | |
| Total Federal Funds | 3,260,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| TOTAL SOURCE OF FUNDS | 4,682,500 | 4,795,000 | 4,910,100 | 4,795,000 | 4,989,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,256,400 | 3,453,100 | 3,579,000 | 3,373,900 | 3,495,500 |
| Operating Expenses | 1,054,100 | 961,300 | 985,300 | 961,300 | 985,300 |
| Capital Outlay | 372,000 | 380,600 | 345,800 | 380,600 | 345,800 |
| TOTAL EXPENDITURES | 4,682,500 | 4,795,000 | 4,910,100 | 4,715,800 | 4,826,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 1,422,500 | 1,795,000 | 1,910,100 | 1,715,800 | 1,826,600 |
| Federal Funds | 3,260,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| TOTAL EXPENDITURES | 4,682,500 | 4,795,000 | 4,910,100 | 4,715,800 | 4,826,600 |

The Fisheries Management program manages Kentucky's fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices.

**Tourism Development
Fish and Wildlife Resources
Information and Education**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | | | | | 76,600 |
| Current Receipts | 3,650,000 | 4,034,800 | 4,150,800 | 4,034,800 | 4,150,800 |
| Total Restricted Funds | 3,650,000 | 4,034,800 | 4,150,800 | 4,034,800 | 4,227,400 |
| Federal Funds | | | | | |
| Current Receipts | 1,071,500 | 800,000 | 800,000 | 800,000 | 800,000 |
| Total Federal Funds | 1,071,500 | 800,000 | 800,000 | 800,000 | 800,000 |
| TOTAL SOURCE OF FUNDS | 4,721,500 | 4,834,800 | 4,950,800 | 4,834,800 | 5,027,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,245,600 | 3,427,000 | 3,587,200 | 3,350,400 | 3,507,700 |
| Operating Expenses | 1,316,900 | 1,339,000 | 1,318,400 | 1,339,000 | 1,318,400 |
| Capital Outlay | 159,000 | 68,800 | 45,200 | 68,800 | 45,200 |
| TOTAL EXPENDITURES | 4,721,500 | 4,834,800 | 4,950,800 | 4,758,200 | 4,871,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 3,650,000 | 4,034,800 | 4,150,800 | 3,958,200 | 4,071,300 |
| Federal Funds | 1,071,500 | 800,000 | 800,000 | 800,000 | 800,000 |
| TOTAL EXPENDITURES | 4,721,500 | 4,834,800 | 4,950,800 | 4,758,200 | 4,871,300 |

The objective of the Information and Education program is to teach Kentuckians to safely enjoy the recreational opportunities provided by fish and wildlife resources and to create an appreciation and understanding of the need to conserve these resources.

Conservation Education leaders teach approximately 1,200 classes each month for seven months of the school year involving some 85,000 students in the fifth and sixth grades. In addition, they also conduct a conservation camp program during the summer for up to 6,500 students at Camp John Currie, Benton; Camp Earl Wallace, Monticello; and Camp Robert Webb, Grayson. Hunter training officers conduct hunter education courses throughout the state. Each year approximately 15,000 participants receive certification cards.

The Salato Wildlife Education Center at the Game Farm in Frankfort includes a new facility, native landscaping, and live animal exhibits where visitors can learn to appreciate Kentucky's habitat and restoration efforts for wildlife. The Game Farm and Education Center is expected to draw approximately 125,000 visitors annually.

The Public Information program is responsible for the publication and distribution of the bimonthly magazine, Kentucky Afield, and the production of the weekly Kentucky Afield television program. In addition, this program is responsible for providing information about all Department activities and programs to sportspersons and the general public.

**Tourism Development
Fish and Wildlife Resources
Law Enforcement**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Current Receipts | 10,557,000 | 10,622,400 | 10,894,100 | 10,622,400 | 10,894,100 |
| Total Restricted Funds | 10,557,000 | 10,622,400 | 10,894,100 | 10,622,400 | 10,894,100 |
| Federal Funds | | | | | |
| Current Receipts | 500,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| Total Federal Funds | 500,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| TOTAL SOURCE OF FUNDS | 11,057,000 | 11,322,400 | 11,594,100 | 11,322,400 | 11,594,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 8,899,100 | 9,430,400 | 9,955,000 | 9,430,400 | 9,955,000 |
| Operating Expenses | 1,136,100 | 1,164,600 | 1,193,600 | 1,164,600 | 1,193,600 |
| Capital Outlay | 1,021,800 | 727,400 | 445,500 | 727,400 | 445,500 |
| TOTAL EXPENDITURES | 11,057,000 | 11,322,400 | 11,594,100 | 11,322,400 | 11,594,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 10,557,000 | 10,622,400 | 10,894,100 | 10,622,400 | 10,894,100 |
| Federal Funds | 500,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| TOTAL EXPENDITURES | 11,057,000 | 11,322,400 | 11,594,100 | 11,322,400 | 11,594,100 |

The Law Enforcement program is responsible for enforcing fish, wildlife, and boating laws. Officers assist other federal, state, and local law enforcement agencies in the enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

Conservation officers contact approximately 190,000 resource users, initiate approximately 9,300 prosecutions, issue approximately 4,500 warning notices, and assist approximately 2,000 motorists each year. An officer's average patrol area is 250 square miles.

Transportation

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 6,346,000 | 9,530,300 | 9,536,300 | 5,122,800 | 5,277,200 |
| Continuing Appropriation | 3,888,200 | 3,888,200 | 3,888,200 | | |
| Total General Fund | 10,234,200 | 13,418,500 | 13,424,500 | 5,122,800 | 5,277,200 |
| Restricted Funds | | | | | |
| Balance Forward | 42,673,200 | 6,248,200 | 3,431,100 | 6,297,900 | 3,729,000 |
| Current Receipts | 186,561,900 | 99,764,700 | 101,495,000 | 98,664,700 | 100,395,000 |
| Non-Revenue Receipts | -282,300 | 829,600 | 858,300 | -670,400 | -641,700 |
| Total Restricted Funds | 228,952,800 | 106,842,500 | 105,784,400 | 104,292,200 | 103,482,300 |
| Federal Funds | | | | | |
| Balance Forward | 4,180,200 | | | 1,824,200 | 1,824,200 |
| Current Receipts | 387,207,500 | 471,699,000 | 480,603,000 | 496,299,000 | 505,403,000 |
| Non-Revenue Receipts | 425,000 | 375,000 | 375,000 | 375,000 | 375,000 |
| Total Federal Funds | 391,812,700 | 472,074,000 | 480,978,000 | 498,498,200 | 507,602,200 |
| Road Fund | | | | | |
| Regular Appropriation | 1,031,177,300 | 1,340,937,500 | 1,294,870,400 | 1,173,562,800 | 1,288,836,600 |
| Surplus Expenditure Plan | 22,652,400 | | | | |
| Total Road Fund | 1,053,829,700 | 1,340,937,500 | 1,294,870,400 | 1,173,562,800 | 1,288,836,600 |
| TOTAL SOURCE OF FUNDS | 1,684,829,400 | 1,933,272,500 | 1,895,057,300 | 1,781,476,000 | 1,905,198,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 281,999,400 | 303,781,400 | 316,760,700 | 300,385,900 | 313,043,800 |
| Operating Expenses | 158,465,554 | 208,935,600 | 212,750,800 | 206,188,500 | 205,849,000 |
| Grants, Loans or Benefits | 126,772,100 | 142,906,400 | 145,421,300 | 141,611,200 | 145,099,200 |
| Debt Service | 178,321,900 | 177,083,900 | 178,035,200 | 174,127,700 | 179,545,300 |
| Capital Outlay | 13,579,500 | 14,112,500 | 17,160,200 | 12,227,200 | 14,395,800 |
| Construction | 917,568,846 | 1,079,133,400 | 1,018,639,800 | 941,382,300 | 1,042,740,200 |
| TOTAL EXPENDITURES | 1,676,707,300 | 1,925,953,200 | 1,888,768,000 | 1,775,922,800 | 1,900,673,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 10,234,200 | 9,530,300 | 9,536,300 | 5,122,800 | 5,277,200 |
| Restricted Funds | 222,654,900 | 103,411,400 | 103,383,300 | 100,563,200 | 100,781,500 |
| Federal Funds | 389,988,500 | 472,074,000 | 480,978,000 | 496,674,000 | 505,778,000 |
| Road Fund | 1,053,829,700 | 1,340,937,500 | 1,294,870,400 | 1,173,562,800 | 1,288,836,600 |
| TOTAL EXPENDITURES | 1,676,707,300 | 1,925,953,200 | 1,888,768,000 | 1,775,922,800 | 1,900,673,300 |

The Transportation Cabinet had its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. The scope of this original unit was significantly broadened by Executive Orders 72-288 and 73-54 (confirmed by 1974 legislation), which created the Department of Transportation as a consolidation of the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. In accordance with action of the 1982 General Assembly, the Transportation Cabinet was established as a successor to the Department of Transportation and assumed all of the duties formerly associated with it. In 1998, KRS 12.250 codified the Transportation Cabinet as a program cabinet.

The Transportation Cabinet is responsible for maintaining and improving the delivery of transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public mass transit, and highways. The organization is headed by the Secretary of Transportation, who is appointed by the Governor. The Kentucky Revised Statutes, principally in Titles XV and XVI, which deal with roads, waterways, aviation, and motor vehicles, specify the duties and responsibilities of the Cabinet.

The Cabinet receives funding from a variety of sources, mainly the state Road Fund, proceeds from bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources are agency receipts, non-highway federal aid, and the state General Fund. The major revenue components of the Road Fund are the motor fuels tax, motor vehicle usage taxes, license and privilege taxes, toll road receipts, interest income, and miscellaneous departmental fees, permits, and sales.

Eight major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Rail Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service. Organizationally, the agency is divided into six departments and nine offices. The departments, each headed by a commissioner directly responsible to the Secretary are Administrative Services, Fiscal Management, Human Resources Management, Vehicle Regulation, Rural and Municipal Aid, and Highways. The remaining units are the Office of Public Relations and the Office of Policy and Budget, which are responsible to the Office of the Secretary. The Office of Transportation Delivery, the Office of General Counsel and Legislative Affairs, and the Office of Minority Affairs are responsible to the Deputy Secretary for Administration. The Office of Program Planning and Management, the Office of Project Development, the Office of Construction and Operation, and the Office of Intermodal Programs are responsible to the State Highway Engineer in the Department of Highway.

Policy

The Consensus Forecasting Group revised the Road Fund revenue estimates for fiscal years 2000, 2001, and 2002 as of January 14, 2000. The revised estimates of \$1,086,962,900 for fiscal year 2000, \$1,123,210,300 for fiscal year 2001, and \$1,163,161,200 for fiscal year 2002 are incorporated in the table below.

The Governor's budget recommendation provides additional Road Fund support derived from a combination of changes (i.e., increased and decreases) to the Road Fund tax system that is estimated to generate \$78,522,000 in fiscal year 2001 and \$167,242,000 in fiscal year 2002. This additional funding is necessary to achieve significant success in completing road projects already approved by the 1998 General Assembly in the Six-Year Highway Plan, "Moving Kentucky Into the 2st Century."

The recommended Road Fund budget provides expenditure authority from the following sources:

| | Fiscal Year 2001 | Fiscal Year 2002 |
|-------------------------------------|-----------------------------|-----------------------------|
| | ----- | ----- |
| Official Road Fund Estimate | 1,123,210,300 | 1,163,161,200 |
| Non-Revenue Receipts | 125,000 | 125,000 |
| New Revenue Initiative | 78,522,000 | 167,242,000 |
| Road Fund Surplus/Carry Forward | 18,823,900 | 1,616,400 |
| | ----- | ----- |
| Total Available Road Fund | 1,220,681,200 | 1,332,144,600 |
| Road Fund Appropriations | | |
| Operating Budget | | |
| Transportation Cabinet | 1,173,562,800 | 1,288,836,600 |
| Justice Cabinet | 30,000,000 | 30,000,000 |
| Revenue Cabinet | 1,385,000 | 1,418,000 |
| Finance and Administration Cabinet | 402,000 | 408,000 |
| Economic Development Cabinet | 3,665,000 | 3,668,000 |
| Capital Budget | | |
| Transportation Cabinet | 10,050,000 | 7,814,000 |
| | ----- | ----- |
| Total Road Fund Appropriations | 1,219,064,800 | 1,332,144,600 |

**Transportation
General Administration and Support**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 8,522,600 | 4,934,700 | 2,043,600 | 4,934,700 | 2,041,800 |
| Current Receipts | 20,966,400 | 22,560,500 | 23,351,200 | 22,560,500 | 23,351,200 |
| Non-Revenue Receipts | | | | -1,500,000 | -1,500,000 |
| Total Restricted Funds | 29,489,000 | 27,495,200 | 25,394,800 | 25,995,200 | 23,893,000 |
| Road Fund | | | | | |
| Regular Appropriation | 61,886,700 | 67,335,000 | 70,155,900 | 66,916,800 | 71,583,100 |
| Total Road Fund | 61,886,700 | 67,335,000 | 70,155,900 | 66,916,800 | 71,583,100 |
| TOTAL SOURCE OF FUNDS | 91,375,700 | 94,830,200 | 95,550,700 | 92,912,000 | 95,476,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 30,939,000 | 33,850,800 | 35,304,300 | 33,534,800 | 34,674,900 |
| Operating Expenses | 32,178,800 | 35,496,500 | 36,131,900 | 38,176,600 | 36,559,700 |
| Grants, Loans or Benefits | 40,000 | 40,200 | 40,600 | 40,200 | 40,600 |
| Debt Service | 9,688,400 | 9,359,600 | 7,822,900 | 6,852,000 | 9,691,000 |
| Capital Outlay | 13,516,800 | 13,961,200 | 15,098,000 | 12,188,300 | 13,356,900 |
| Construction | 78,000 | 78,300 | 79,200 | 78,300 | 79,200 |
| TOTAL EXPENDITURES | 86,441,000 | 92,786,600 | 94,476,900 | 90,870,200 | 94,402,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 24,554,300 | 25,451,600 | 24,321,000 | 23,953,400 | 22,819,200 |
| Road Fund | 61,886,700 | 67,335,000 | 70,155,900 | 66,916,800 | 71,583,100 |
| TOTAL EXPENDITURES | 86,441,000 | 92,786,600 | 94,476,900 | 90,870,200 | 94,402,300 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 5,997,500 | 6,520,700 | 6,802,100 | 6,473,000 | 6,723,600 |
| Administrative Services | 67,114,700 | 71,786,700 | 72,737,800 | 70,302,000 | 73,244,600 |
| Fiscal Management | 5,503,000 | 6,111,900 | 6,369,100 | 5,940,100 | 6,156,900 |
| Human Resource Management | 7,825,800 | 8,367,300 | 8,567,900 | 8,155,100 | 8,277,200 |
| TOTAL EXPENDITURES | 86,441,000 | 92,786,600 | 94,476,900 | 90,870,200 | 94,402,300 |

The General Administration and Support appropriation unit provides the Transportation Cabinet with the broad range of management and administrative capabilities required for both general policy making and efficient day-to-day operations. Included within this unit are four separate department level programs: Office of Secretary, Administrative Services, Fiscal Management, and Human Resources Management.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Policy and Budget, the Office of Minority Affairs, the Office of General Counsel and Legislative Affairs, and the Office of Public Affairs. These units provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary the managerial tools necessary to operate the Cabinet. The Office of Policy and Budget manages the Cabinet's financial resources. The Office of Minority Affairs conducts programs to assist minorities in employment and procurement of highway construction contracts. The Office of General Counsel and Legislative Affairs provides the agency with the required legal representation in matters before administrative boards and all levels of the court system. This Office is also responsible for drafting legislation and regulations for the Cabinet. The Office of Public Relations is responsible for the Cabinet's communications with employees, the news media, and the general public.

The Department of Administrative Services encompasses the program areas, Information Technology, Property and Supply Services, Administration, and Fleet Management. The Division of Information Technology handles the information technology program area and is responsible for all information processing functions in the Cabinet. The Division of Property and Supply Services, purchase, receive, store, inventory, and issue to each Cabinet unit, the office, engineering and laboratory supplies, equipment, and furniture necessary to operate. Also, this program area maintains the Cabinet's real property, which totals some 900 buildings located throughout the state. Additionally, Property and Supply Services is the responsible budget unit for paying the Cabinet's debt service on the new transportation office building and parking garage. The Administration program area is comprised of the Commissioner of Administrative Services, which handles the administrative functions of the Cabinet and implement policies and programs as set forth by the Secretary. This program area also contains an Administrative Earnings account which accrues reimbursement from non-Road Fund supported units for the various types of administrative support provided by Road Fund units. The Toll Facilities Division is also under the direction of the Administration program. The Division of Fleet Management operates the statewide Motor Pool. The Motor Pool encompasses the passenger vehicles of all state agencies.

The Department of Fiscal Management is composed of the Office of the Commissioner of Fiscal Management, the Division of Accounts, the Division of Road Fund Audit, and the Division of Purchases. The Office of the Commissioner is responsible for the direction and oversight of the three divisions: Accounts, Road Fund Audit, and Purchases. This Office also has two audit branches organizationally attached to it, Internal Audit Branch and External Audit Branch. The Internal Audit Branch audits the Cabinet's compliance with regulations, policies, and procedures and reports directly to the Secretary. The External Audit Branch performs financial and compliance audits of contractors doing business with the Cabinet and reports directly to the Division of Professional Services in the Department of Highways. These protocols assure maximum organizational independence for the auditors. The Division of Accounts is a service program providing for the general accounting, payroll, accounts receivable and payable processing, and financial reporting requirements of the Cabinet. This is accomplished with the support of the statewide Management and Reporting System, (MARS). The Division of Road Fund Audit is the program area responsible for auditing Kentucky Road Fund revenues. The Division of Purchases is responsible for procuring commodities and services for the Cabinet. This Division shares responsibility with other divisions in the Department for supporting MARS and the administrative processes relating to procurement.

The Department of Human Resources Management established by Executive Order 98-1596 and in accordance with KRS Chapter 174 is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Department of Human Resources Management is composed of the Office of the Commissioner, the Division of Personnel Services, the Division of Employee Recruitment and Development, the Division of Employee Safety and Health, and the Division of Worker's Compensation. The Office of the Commissioner provides direction and oversight of the aforementioned divisions. The Division of Personnel Services provides personnel services for all the Cabinet's employees, as well as, applicants seeking employment with the Cabinet. The Division of Employee Recruitment and Development provides computer and general employee training. The Division of Employee Safety and Health formulates safety programs, policies, practices, and procedures for all Cabinet employees. The Division of Worker's Compensation administers laws, policies, and procedures pursuant to KRS Chapter 342. The Transportation Cabinet is self - insured with regard to worker's compensation

Policy

The Governor's recommended budget provides additional Road Fund support in the Office of Secretary program for the enhancement of the Equal Employment Opportunity, Disadvantaged Business Enterprises, and other related programs in the Office of Minority Affairs. This funding provides for the salary and operating costs of one additional employee, and other contractual costs associated with the program

The Department of Administrative Services, Division of Property and Supply, is the unit responsible for the debt service on the new Transportation Cabinet Office Building and Parking Structure identified in the Cabinet's capital budget. Road Fund support of the debt service is contained in the Governor's recommendation totaling \$6,852,000 in fiscal year 2001 and \$9,691,000 in fiscal year 2002. In addition, funding for three projects requested in the Cabinet's capital budget have been moved to the Division of Property and Supply operating budget. \$50,000 in both fiscal years is provided for the Paving and Landscaping project, \$50,000 in each fiscal year is provided for the Asbestos Abatement project, and \$105,000 in fiscal year 2001 is provided in the recommendation for the Fax Machine replacement project

The Governor's recommendation provides additional Road Fund support of \$300,000 in each year of the 2000-2002 biennium to the Division of Information Technology to expand the Geographic Information Systems.

Additional Road Fund support is provided in the Governor's recommended budget to enhance the Pre-construction Management System. The funding is provided to the Division of Information Technology, with \$500,000 in fiscal year 2001 and \$500,000 in fiscal year 2002.

The Governor's recommendation provides additional Road Fund support to the Division of Information Technology for the MARS licensing and support costs. The additional funds total \$563,100 in fiscal year 2001 and \$606,500 in fiscal year 2002.

The Governor's recommended budget provides additional Road Fund moneys for the Empower Kentucky Initiative, Construction Management System. The additional funds are provided to the Division of Information Technology with \$785,000 in fiscal year 2001 and \$665,000 in fiscal year 2002

The Division of Fleet Management is provided \$51,300 of restricted agency funds in the Governor's recommended budget to re-institute Empower Kentucky funding

The Governor's recommendation provides the Department of Fiscal Management \$120,000 in fiscal year 2001 and \$110,000 in fiscal year 2002 to hire two additional fiscal officers to oversee available resources in order to move construction projects forward in a more timely manner.

The Department of Human Resources Management is provided additional Road Fund support in the Governor's recommended budget to hire two Recruitment / Training Officers. The funding provided is \$120,000 in fiscal year 2001 and \$110,000 in fiscal year 2002.

Transportation
Air Transportation

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,267,000 | 2,321,400 | 2,377,100 | | |
| Continuing Appropriation | 2,310,100 | 2,310,100 | 2,310,100 | | |
| Total General Fund | 4,577,100 | 4,631,500 | 4,687,200 | | |
| Restricted Funds | | | | | |
| Balance Forward | 24,300 | 24,300 | 24,300 | 24,300 | 24,300 |
| Current Receipts | 30,500 | 11,631,200 | 11,632,200 | 11,631,200 | 11,632,200 |
| Total Restricted Funds | 54,800 | 11,655,500 | 11,656,500 | 11,655,500 | 11,656,500 |
| Federal Funds | | | | | |
| Current Receipts | 359,000 | 209,000 | 209,000 | 209,000 | 209,000 |
| Total Federal Funds | 359,000 | 209,000 | 209,000 | 209,000 | 209,000 |
| TOTAL SOURCE OF FUNDS | 4,990,900 | 16,496,000 | 16,552,700 | 11,864,500 | 11,865,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 618,500 | 654,200 | 682,500 | 648,000 | 679,400 |
| Operating Expenses | 176,500 | 198,700 | 204,700 | 189,500 | 189,500 |
| Grants, Loans or Benefits | 4,146,600 | 13,283,200 | 13,305,100 | 10,990,200 | 10,959,800 |
| Capital Outlay | 25,000 | 25,500 | 26,000 | 12,500 | 12,500 |
| TOTAL EXPENDITURES | 4,966,600 | 14,161,600 | 14,218,300 | 11,840,200 | 11,841,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 4,577,100 | 2,321,400 | 2,377,100 | | |
| Restricted Funds | 30,500 | 11,631,200 | 11,632,200 | 11,631,200 | 11,632,200 |
| Federal Funds | 359,000 | 209,000 | 209,000 | 209,000 | 209,000 |
| TOTAL EXPENDITURES | 4,966,600 | 14,161,600 | 14,218,300 | 11,840,200 | 11,841,200 |
| EXPENDITURES BY UNIT | | | | | |
| Air Regulatory | 89,000 | 106,400 | 110,300 | 103,100 | 107,200 |
| Air Development | 4,877,600 | 14,055,200 | 14,108,000 | 11,737,100 | 11,734,000 |
| TOTAL EXPENDITURES | 4,966,600 | 14,161,600 | 14,218,300 | 11,840,200 | 11,841,200 |

The Air Transportation program is charged under KRS 183.090(1) to inspect and determine the safety and adequacy of all airport facilities in the state. There are 135 airports and heliports, which require the issuance of certificates of approval of licenses for operation. The legislative mandate, KRS 183.861, charges the Kentucky Airport Zoning Commission with the protection and safety of the navigable airspace within the state. The program also provides for the development of airports throughout the state with financial grants and administration, implementation, and management of airport construction, maintenance, striping, and flight services.

The passage of House Bill 444 by the 1998 General Assembly and codified by KRS 183.525 established the Kentucky Aviation Economic Development Fund. Beginning July 1, 2000, all sales and use taxes collected on the sale of aviation jet fuel are to be deposited into this account. The funds are to be administered by the Transportation Cabinet for the purpose of airport construction and maintenance projects at publicly owned or operated airports in the Commonwealth.

Policy

The provisions of KRS 183.525(5) are suspended during the 2000-2002 biennium, and available funds may be utilized for the operations of the Air Transportation program.

**Transportation
Rail Transportation**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |
| Total General Fund | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |
| TOTAL SOURCE OF FUNDS | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 61,000 | 64,200 | 66,900 | 64,200 | 66,900 |
| Operating Expenses | 11,000 | 11,100 | 11,200 | 11,100 | 11,200 |
| TOTAL EXPENDITURES | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |
| TOTAL EXPENDITURES | 72,000 | 75,300 | 78,100 | 75,300 | 78,100 |

The Rail Transportation program is comprised of two subprograms: Kentucky Railroad Commission and Rail Development. Section 209 of the Kentucky Constitution and KRS Chapter 276 established the Railroad Commission of Kentucky. The Commission is responsible for regulation and safety of Kentucky's railway system, including regulating rates and tariffs.

The Rail Development unit provides financial assistance under Title VIII of the Railroad Revitalization and Regulatory Reform Act of 1976 as amended by Title 1 of the Local Rail Service Assistance Act of 1978, and codified as 49 USC 1654 and 49 CFR 266. This unit assists in mitigating the adverse effects of railroad abandonment on shippers and communities by providing funds for rail rehabilitation and encouraging lines to be purchased and operated as short lines. Federal fund support has been discontinued with no funds anticipated in the 2000-2002 biennium.

**Transportation
Public Transportation**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 4,007,000 | 7,133,600 | 7,081,100 | 5,047,500 | 5,199,100 |
| Continuing Appropriation | 1,578,100 | 1,578,100 | 1,578,100 | | |
| Total General Fund | 5,585,100 | 8,711,700 | 8,659,200 | 5,047,500 | 5,199,100 |
| Restricted Funds | | | | | |
| Balance Forward | 1,316,700 | 348,300 | 348,300 | 348,300 | 348,300 |
| Non-Revenue Receipts | -282,300 | 829,600 | 858,300 | 829,600 | 858,300 |
| Total Restricted Funds | 1,034,400 | 1,177,900 | 1,206,600 | 1,177,900 | 1,206,600 |
| Federal Funds | | | | | |
| Balance Forward | 2,356,000 | | | | |
| Current Receipts | 2,746,000 | 7,740,000 | 8,044,000 | 7,740,000 | 8,044,000 |
| Total Federal Funds | 5,102,000 | 7,740,000 | 8,044,000 | 7,740,000 | 8,044,000 |
| TOTAL SOURCE OF FUNDS | 11,721,500 | 17,629,600 | 17,909,800 | 13,965,400 | 14,449,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 1,299,400 | 2,336,900 | 2,246,600 | 1,516,900 | 1,426,600 |
| Operating Expenses | 350,500 | 490,300 | 500,200 | 440,000 | 448,000 |
| Grants, Loans or Benefits | 9,723,300 | 12,876,000 | 13,236,600 | 11,660,200 | 12,226,800 |
| TOTAL EXPENDITURES | 11,373,200 | 15,703,200 | 15,983,400 | 13,617,100 | 14,101,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 5,585,100 | 7,133,600 | 7,081,100 | 5,047,500 | 5,199,100 |
| Restricted Funds | 686,100 | 829,600 | 858,300 | 829,600 | 858,300 |
| Federal Funds | 5,102,000 | 7,740,000 | 8,044,000 | 7,740,000 | 8,044,000 |
| TOTAL EXPENDITURES | 11,373,200 | 15,703,200 | 15,983,400 | 13,617,100 | 14,101,400 |

The Public Transportation Development program provides technical and financial assistance to public transportation providers throughout the Commonwealth principally through the following federal programs: Section 5303 of the 1964 UMTA Act funds technical assistance; operating, administrative, and capital assistance is funded by Section 5311; additional capital assistance is afforded by Section 5309, 5310, and Section 5307. KRS 96A.095 and KAR 603 7:030 authorize state funding for these programs, which include 51 Public Transportation (Transit) providers and seven Metropolitan Planning Organizations. Also located within this budget unit is the Multi-Modal Planning function, which is concerned with addressing the development of the various types of transportation modes as part of an efficient, interrelated system. Both activities are performed by the Division of Multi-Modal Programs.

This program area also handles the distribution of grants to county governments for the transportation of non-public school students.

Expenditures by Unit of the sub-programs encompassed in the Public Transportation program are reflected below

| | <u>2001</u> | <u>2002</u> |
|---|-------------|-------------|
| Multi-Modal Planning | 662,700 | 685,700 |
| Non-Public School Student Transportator | 2,750,000 | 3,000,000 |
| Human Services Transportation Delivery | 829,600 | 858,300 |
| Public Transportation | 9,374,800 | 9,557,400 |

Policy

The Governor's recommended budget includes additional General Fund support of \$250,000 in fiscal year 2001 and \$500,000 in fiscal year 2002 to provide for reimbursements to county government for costs relating to the transportation of non-public school students.

Additional General Fund support of \$410,000 in each year of the biennium is included in the Governor's recommended budget, as match for the Federal Transit Administration, FTA, capital grant programs.

Included in the Governor's recommended budget is additional General Fund support of \$150,000 in fiscal year 2001 to update the State Rail Plan. Updating the state's rail plan is necessary to receive federal assistance from the Federal Rail Administration, Local Rail Freight Assistance Program

**Transportation
Revenue Sharing**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Road Fund | | | | | |
| Regular Appropriation | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| Total Road Fund | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| TOTAL SOURCE OF FUNDS | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 18,313,200 | 19,691,000 | 20,676,500 | 19,669,200 | 20,652,600 |
| Operating Expenses | 26,963,554 | 27,447,600 | 27,708,000 | 27,469,400 | 27,731,900 |
| Grants, Loans or Benefits | 112,862,200 | 116,707,000 | 118,839,000 | 118,920,600 | 121,872,000 |
| Construction | 48,336,346 | 51,806,800 | 52,381,300 | 51,806,800 | 52,381,300 |
| TOTAL EXPENDITURES | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Road Fund | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| TOTAL EXPENDITURES | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| EXPENDITURES BY UNIT | | | | | |
| Revenue Sharing | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |
| TOTAL EXPENDITURES | 206,475,300 | 215,652,400 | 219,604,800 | 217,866,000 | 222,637,800 |

There are four components of the Revenue Sharing Program: County Road Aid, Rural Secondary, Municipal Road Aid, and the Energy Recovery Road Fund. All of these programs are mandated and controlled by statute, with the distribution of funds based on the amount of certain taxes or fees collected.

The County Road Aid Program and the Rural Secondary Program are set up to distribute a portion of the state's motor fuels tax collections to counties. Authorized by KRS 179.410-179.415, the County Road Aid Program distributes 18.3 percent of the total motor fuels tax collections, with the funds being sent to the counties monthly. The Rural Secondary Program, authorized by KRS 177.320, provides maintenance on secondary and rural roads and is funded by 22.2 percent of the motor fuels tax collections. The Department of Highways administers this program with the funds being expended on behalf of the counties.

Funds for both these programs are allocated through a formula known as the statutory "formula of fifths," KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid Program is established under the authority of KRS 177.365 and funding is also a statutory portion (7.7 percent) of the motor fuels tax collections. Distribution is made through a formula based on the population contained in each city or unincorporated urban area.

County Fiscal Courts and the governments of local municipalities may enter into contracts with the Transportation Cabinet to assist them in administering their County Road Aid and Municipal Road Aid funds.

KRS 177.977 - 177.979 establishes the Energy Recovery Road Fund, which allows for the transport of coal over certain roads at extended vehicle weights when a special fee is paid. The fees are then used for the upkeep of these same roads. In addition, the statutes allow for cooperative agreements between coal haulers and the Cabinet to provide funds for maintaining roads on which non-registered trucks may travel.

Expenditures by Unit of the sub-programs encompassed in the Revenue Sharing program are reflected below

| | <u>2001</u> | <u>2002</u> |
|----------------------|-------------|-------------|
| County Road Aid | 82,423,200 | 84,234,900 |
| Rural Secondary | 99,988,800 | 102,186,600 |
| Municipal Aid | 34,680,800 | 35,443,100 |
| Energy Recovery Road | 825,000 | 825,000 |

Policy

The Governor's recommended budget reflects inclusion of proposed legislation, which provides that funding to the Kentucky Transportation Center be increased above that provided in KRS 177.320(4) by \$100,000. This funding is to be drawn from the Revenue Sharing programs in the same proportions as the Motor Fuels Tax receipts are statutorily dedicated to those programs. The appropriation to the Kentucky Transportation Center is contained in the Highway Research program

Amounts in revised fiscal year 2000 and in the 2000-2002 biennium have been modified to accurately display revisions to the Official Road Fund Estimate in those programs where the Kentucky Revised Statutes mandate that expenditure authority shall be adjusted to revenues received.

**Transportation
Highways**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 31,666,800 | 93,300 | 417,000 | 93,300 | 667,000 |
| Current Receipts | 162,949,500 | 62,897,700 | 63,809,600 | 61,797,700 | 62,709,600 |
| Total Restricted Funds | 194,616,300 | 62,991,000 | 64,226,600 | 61,891,000 | 63,376,600 |
| Federal Funds | | | | | |
| Balance Forward | 1,824,200 | | | 1,824,200 | 1,824,200 |
| Current Receipts | 382,602,500 | 461,900,000 | 470,500,000 | 486,500,000 | 495,300,000 |
| Total Federal Funds | 384,426,700 | 461,900,000 | 470,500,000 | 488,324,200 | 497,124,200 |
| Road Fund | | | | | |
| Regular Appropriation | 564,360,800 | 858,266,200 | 799,738,400 | 691,578,000 | 793,112,100 |
| Surplus Expenditure Plan | 22,652,400 | | | | |
| Total Road Fund | 587,013,200 | 858,266,200 | 799,738,400 | 691,578,000 | 793,112,100 |
| TOTAL SOURCE OF FUNDS | 1,166,056,200 | 1,383,157,200 | 1,334,465,000 | 1,241,793,200 | 1,353,612,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 205,200,200 | 219,322,100 | 228,827,200 | 218,595,000 | 228,423,900 |
| Operating Expenses | 89,746,300 | 135,595,400 | 138,432,100 | 131,183,400 | 132,176,500 |
| Debt Service | | 448,600 | 358,000 | | |
| Capital Outlay | 37,700 | 125,800 | 36,200 | 26,400 | 26,400 |
| Construction | 869,154,500 | 1,027,248,300 | 966,179,300 | 889,497,200 | 990,279,700 |
| TOTAL EXPENDITURES | 1,164,138,700 | 1,382,740,200 | 1,333,832,800 | 1,239,302,000 | 1,350,906,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 194,523,000 | 62,574,000 | 63,594,400 | 61,224,000 | 62,494,400 |
| Federal Funds | 382,602,500 | 461,900,000 | 470,500,000 | 486,500,000 | 495,300,000 |
| Road Fund | 587,013,200 | 858,266,200 | 799,738,400 | 691,578,000 | 793,112,100 |
| TOTAL EXPENDITURES | 1,164,138,700 | 1,382,740,200 | 1,333,832,800 | 1,239,302,000 | 1,350,906,500 |
| EXPENDITURES BY UNIT | | | | | |
| Research | 2,666,000 | 3,084,600 | 3,103,700 | 3,050,000 | 3,060,000 |
| Construction | 936,931,900 | 1,093,282,400 | 1,031,336,400 | 955,531,300 | 1,058,186,800 |
| Maintenance | 185,752,500 | 210,134,000 | 217,309,600 | 205,787,600 | 211,400,900 |
| Engineering Administration | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| Planning | 8,320,500 | 10,096,900 | 10,240,600 | 9,803,200 | 9,968,600 |
| Highway Operations | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| Equipment Services | 1,000,000 | 34,474,000 | 39,244,400 | 34,474,000 | 36,494,400 |
| TOTAL EXPENDITURES | 1,164,138,700 | 1,382,740,200 | 1,333,832,800 | 1,239,302,000 | 1,350,906,500 |

The Highways appropriation unit is the largest major program in the Transportation Cabinet. There are seven individual program areas, which encompass the activities of this unit: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a Commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs listed within the Highways appropriation unit.

Motor vehicles travel some 47 billion miles per year on Kentucky's 73,000 miles of roads and streets. The State Primary Road System carries approximately 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and some 8,800 bridges. Kentucky's parkway system, consisting of 700 miles of state roads built to interstate standards, is the largest in the nation.

**Transportation
Highways
Research**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Current Receipts | 1,600,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Total Federal Funds | 1,600,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Road Fund | | | | | |
| Regular Appropriation | 1,066,000 | 1,084,600 | 1,103,700 | 1,050,000 | 1,060,000 |
| Total Road Fund | 1,066,000 | 1,084,600 | 1,103,700 | 1,050,000 | 1,060,000 |
| TOTAL SOURCE OF FUNDS | 2,666,000 | 3,084,600 | 3,103,700 | 3,050,000 | 3,060,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 2,376,000 | 2,794,600 | 2,813,700 | 2,760,000 | 2,770,000 |
| Operating Expenses | 290,000 | 290,000 | 290,000 | 290,000 | 290,000 |
| TOTAL EXPENDITURES | 2,666,000 | 3,084,600 | 3,103,700 | 3,050,000 | 3,060,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 1,600,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Road Fund | 1,066,000 | 1,084,600 | 1,103,700 | 1,050,000 | 1,060,000 |
| TOTAL EXPENDITURES | 2,666,000 | 3,084,600 | 3,103,700 | 3,050,000 | 3,060,000 |
| EXPENDITURES BY UNIT | | | | | |
| Transportation Research | 2,376,000 | 2,794,600 | 2,813,700 | 2,760,000 | 2,770,000 |
| Transportation Center | 290,000 | 290,000 | 290,000 | 290,000 | 290,000 |
| TOTAL EXPENDITURES | 2,666,000 | 3,084,600 | 3,103,700 | 3,050,000 | 3,060,000 |

The Research program is primarily a problem solving service available to the Department of Highways. The program provides studies relating to traffic safety and operations, pavement mechanics and performance, and materials characteristics and behavior. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code.

This program also distributes the statutory funding for the Kentucky Transportation Center at the University of Kentucky. The amount provided under KRS Chapter 177 is one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. The 1992, 1994, 1996, and 1998 Budget Bills mandated the transfer of an additional \$100,000 per year from the Revenue Sharing appropriation unit to this program for the Kentucky Transportation Center. Total funding for the Center of \$290,000 each year was thereby provided in the stated fiscal biennia.

Policy

The Governor's recommended budget provides for the continuation of the transfer of \$100,000 per year from the Revenue Sharing appropriation unit to fund the Kentucky Transportation Center at an annual rate of \$290,000.

**Transportation
Highways
Construction**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 31,740,400 | | | | |
| Current Receipts | 159,682,600 | 26,000,000 | 26,000,000 | 26,000,000 | 26,000,000 |
| Total Restricted Funds | 191,423,000 | 26,000,000 | 26,000,000 | 26,000,000 | 26,000,000 |
| Federal Funds | | | | | |
| Balance Forward | 1,824,200 | | | 1,824,200 | 1,824,200 |
| Current Receipts | 374,887,000 | 452,400,000 | 460,900,000 | 477,000,000 | 485,700,000 |
| Total Federal Funds | 376,711,200 | 452,400,000 | 460,900,000 | 478,824,200 | 487,524,200 |
| Road Fund | | | | | |
| Regular Appropriation | 347,969,500 | 614,882,400 | 544,436,400 | 452,531,300 | 546,486,800 |
| Surplus Expenditure Plan | 22,652,400 | | | | |
| Total Road Fund | 370,621,900 | 614,882,400 | 544,436,400 | 452,531,300 | 546,486,800 |
| TOTAL SOURCE OF FUNDS | 938,756,100 | 1,093,282,400 | 1,031,336,400 | 957,355,500 | 1,060,011,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 61,648,900 | 65,061,900 | 68,232,600 | 65,061,900 | 68,232,600 |
| Operating Expenses | 9,774,300 | 9,829,400 | 9,932,900 | 9,829,400 | 9,932,900 |
| Construction | 865,508,700 | 1,018,391,100 | 953,170,900 | 880,640,000 | 980,021,300 |
| TOTAL EXPENDITURES | 936,931,900 | 1,093,282,400 | 1,031,336,400 | 955,531,300 | 1,058,186,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 191,423,000 | 26,000,000 | 26,000,000 | 26,000,000 | 26,000,000 |
| Federal Funds | 374,887,000 | 452,400,000 | 460,900,000 | 477,000,000 | 485,700,000 |
| Road Fund | 370,621,900 | 614,882,400 | 544,436,400 | 452,531,300 | 546,486,800 |
| TOTAL EXPENDITURES | 936,931,900 | 1,093,282,400 | 1,031,336,400 | 955,531,300 | 1,058,186,800 |
| EXPENDITURES BY UNIT | | | | | |
| Bond Funded Construction | 167,458,000 | | | | |
| State Funded Construction | 273,804,600 | 518,482,400 | 445,736,400 | 351,531,300 | 443,586,800 |
| Federal Funded Construction | 495,669,300 | 574,800,000 | 585,600,000 | 604,000,000 | 614,600,000 |
| TOTAL EXPENDITURES | 936,931,900 | 1,093,282,400 | 1,031,336,400 | 955,531,300 | 1,058,186,800 |

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways, which are a part of the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

Bond Funded Construction has been utilized by the Commonwealth for the construction of several different road "systems" over the past 40 years. General Obligation Bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky was created and sold revenue bonds to generate proceeds, which were expended to build the Toll Road System, which criss-crosses the state. Resource Recovery Bonds were sold in the late 1970's for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, 1995, and 1999 for projects identified as part of the Economic Development Road System. Finally, the Turnpike Authority will sell \$100 million in bonds in fiscal year 2000 generating proceeds totaling \$105 million, as authorized by the 1998 General Assembly. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired, at which time they are transferred to the Cabinet and become a part of the state highway system.

State Funded Construction provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects unsuited for federal funding. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of Interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the U.S. Code. Extensive changes in the programs, which provide federal funds to the states, were made by the Transportation Equity Act for the 21st Century, (TEA-21), which was enacted by Congress in 1998.

Policy

Within the State Funded Construction Program, the Governor's recommended budget provides Road Fund moneys of \$64.5 million in fiscal year 2001 and \$66 million in fiscal year 2002 for state resurfacing projects and \$500,000 in each year of the biennium for the specialized contracts account. The State Resurfacing Program has been increased each year by approximately \$13 million above the current services level with funds made available through the suspension of statutory deposits to the Debt Payment Acceleration Fund (KRS 175.505). Road Fund support is also provided to the Highway Construction Contingency Account with \$36 million in fiscal year 2001 and \$37 million in fiscal year 2002.

State Road Funds are provided in the Federal Funded Construction program totaling \$107,000,000 in fiscal year 2001 and \$108,900,000 in fiscal year 2002 to provide the anticipated required state participation in federally funded project:

The Governor's budget recommendation provides additional Road Fund support for the Six Year Road Plan projects as enacted by the 1998 Regular Session of the General Assembly with \$78,522,000 in fiscal year 2001 and \$167,242,000 in fiscal year 2002.

**Transportation
Highways
Maintenance**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | -166,900 | | | | 250,000 |
| Current Receipts | 2,266,900 | 2,100,000 | 2,100,000 | 1,000,000 | 1,000,000 |
| Total Restricted Funds | 2,100,000 | 2,100,000 | 2,100,000 | 1,000,000 | 1,250,000 |
| Road Fund | | | | | |
| Regular Appropriation | 183,652,500 | 208,034,000 | 215,209,600 | 205,037,600 | 210,400,900 |
| Total Road Fund | 183,652,500 | 208,034,000 | 215,209,600 | 205,037,600 | 210,400,900 |
| TOTAL SOURCE OF FUNDS | 185,752,500 | 210,134,000 | 217,309,600 | 206,037,600 | 211,650,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 92,473,500 | 98,158,400 | 102,710,900 | 97,928,200 | 102,837,300 |
| Operating Expenses | 92,747,500 | 111,441,400 | 114,059,200 | 107,325,200 | 108,024,100 |
| Capital Outlay | 400 | 400 | 400 | 400 | 400 |
| Construction | 531,100 | 533,800 | 539,100 | 533,800 | 539,100 |
| TOTAL EXPENDITURES | 185,752,500 | 210,134,000 | 217,309,600 | 205,787,600 | 211,400,900 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 2,100,000 | 2,100,000 | 2,100,000 | 750,000 | 1,000,000 |
| Road Fund | 183,652,500 | 208,034,000 | 215,209,600 | 205,037,600 | 210,400,900 |
| TOTAL EXPENDITURES | 185,752,500 | 210,134,000 | 217,309,600 | 205,787,600 | 211,400,900 |

The Maintenance program is the unit within the Department of Highways charged with the responsibility of ensuring that the State Primary Road System is maintained in such a manner as to ensure the safest and most serviceable roadways possible. The program goal is to provide the highway user maximum safety and comfort with minimum travel interruptions.

The Maintenance program incorporates six sub-programs consisting of: Roadway Maintenance, Bridge Maintenance, Rest Area Maintenance, Pavement Management, Intelligent Transportation Systems, and Traffic. The Roadway Maintenance unit is responsible for maintenance on the highways in the State Primary Road System. The unit handles routine upkeep such as surface repairs, ditch cleaning, mowing, litter pickup, snow and ice removal, and maintenance relating to drainage, shoulders, and guardrails on approximately 15,200 miles of primary highways and 12,100 miles in the rural secondary roads in Kentucky.

The Rest Area Maintenance program provides upkeep and janitorial services at 29 rest area facilities across the state. Twenty of these sites are maintained under contracts with agencies that hire and train individuals with disabilities. Nine sites are maintained with state forces.

The Bridge Maintenance program performs preservation activities on bridges such as resurfacing, painting, deck repair, and structural work on the Commonwealth's 5,870 primary system bridges.

The Pavement Management program utilizes division personnel to inspect and evaluate, determine improvement strategies, estimate funding needs, and recommend annual priorities of the pavement conditions on the 27,200 miles of state maintained roads.

The Intelligent Transportation Systems was established in the 1998 reorganization of the Cabinet, under Executive Order 98-1596. The Division of Operations assembled a team to analyze and make recommendations for improving traffic flow and freight movement.

The Traffic program is responsible for the installation and maintenance of traffic control devices on approximately 25,000 miles of highways. It also maintains a statewide accident surveillance program and reviews all Department design plans for possible operational problems.

Policy

The Governor's recommended budget provides additional Road Fund support of \$14,500,000 in fiscal year 2001 and \$15,198,900 in fiscal year 2002 for several facets of the Maintenance program. Included in the funding recommendation are PCC pavement repairs, roadway maintenance materials, contract railroad crossing maintenance, guardrail installation and replacement, contract bridge repairs, roadway lighting installations, sign structures, intersection materials, and markings.

Road Fund support is provided in the recommendation to purchase uniforms for maintenance employees, with \$400,000 in fiscal year 2001 and \$450,000 in fiscal year 2002.

**Transportation
Highways
Engineering Administration**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Road Fund | | | | | |
| Regular Appropriation | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| Total Road Fund | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| TOTAL SOURCE OF FUNDS | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 11,291,600 | 12,222,600 | 12,795,500 | 12,177,500 | 12,807,400 |
| Operating Expenses | 1,831,900 | 1,848,600 | 1,868,100 | 1,452,600 | 1,452,600 |
| Capital Outlay | 8,800 | 96,800 | 6,900 | 5,900 | 5,900 |
| Construction | -3,585,300 | -3,773,600 | -3,942,100 | -3,773,600 | -3,942,100 |
| TOTAL EXPENDITURES | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Road Fund | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |
| TOTAL EXPENDITURES | 9,547,000 | 10,394,400 | 10,728,400 | 9,862,400 | 10,323,800 |

The Engineering Administration program area provides for the design, right of way acquisition, and construction of all major highway projects on the state-maintained roadway system, and oversees the maintenance and overall operation of the state and federal highway systems within the Commonwealth. This program accounts for general administration and supervision costs not associated with specific construction or maintenance projects. The engineering costs related to specific projects are charged directly to those project accounts and the funds for such charges are budgeted in each Construction sub-program. Although this program involves a large number of employees, only a fraction of the personnel costs for these individuals is funded through the Engineering Administration program unit. There are nine divisions under the Engineering Administration program area: Construction, Materials, Bridge Design, Highway Design, Professional Services, Environmental Analysis, Right of Way and Utilities, Program Management, and Planning.

Policy

The Governor's recommended budget provides additional Road Fund support to hire two additional staff to enable the Cabinet to satisfy the reporting requirements as outlined in KRS 176.419 through KRS 176.430. Funding for this recommendation is \$101,300 in fiscal year 2001 and \$106,200 in fiscal year 2002.

**Transportation
Highways
Planning**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Current Receipts | 6,115,500 | 7,500,000 | 7,600,000 | 7,500,000 | 7,600,000 |
| Total Federal Funds | 6,115,500 | 7,500,000 | 7,600,000 | 7,500,000 | 7,600,000 |
| Road Fund | | | | | |
| Regular Appropriation | 2,205,000 | 2,596,900 | 2,640,600 | 2,303,200 | 2,368,600 |
| Total Road Fund | 2,205,000 | 2,596,900 | 2,640,600 | 2,303,200 | 2,368,600 |
| TOTAL SOURCE OF FUNDS | 8,320,500 | 10,096,900 | 10,240,600 | 9,803,200 | 9,968,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 7,519,600 | 9,290,300 | 9,424,400 | 9,011,300 | 9,168,900 |
| Operating Expenses | 800,900 | 806,600 | 816,200 | 791,900 | 799,700 |
| TOTAL EXPENDITURES | 8,320,500 | 10,096,900 | 10,240,600 | 9,803,200 | 9,968,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 6,115,500 | 7,500,000 | 7,600,000 | 7,500,000 | 7,600,000 |
| Road Fund | 2,205,000 | 2,596,900 | 2,640,600 | 2,303,200 | 2,368,600 |
| TOTAL EXPENDITURES | 8,320,500 | 10,096,900 | 10,240,600 | 9,803,200 | 9,968,600 |

The Highway Planning area conducts a comprehensive program of roadway system evaluation for the approximately 70,000 miles of streets and highways in the Commonwealth. The goal of this function is to ensure that available state and federal highway funds are utilized to maximum efficiency. This program area collects and reviews information concerning the physical and operational characteristics of all highway systems in the state. This includes maintaining an inventory of all roadway classifications and preparing city, county, and state road maps for distribution. The unit performs engineering and planning studies for federal aid highway projects and state-financed construction. In addition, the program gathers and furnishes various statistics required by the Federal Highway Administration and state and local government decision-makers.

This budget unit provides oversight for the Cabinet's Transportation Enhancement Program, which involves various beautification and historic preservation projects. The staff also coordinates statewide planning activities with the state's seven Metropolitan Planning Organizations and with the 15 Area Development Districts in the Commonwealth.

**Transportation
Highways
Highway Operations**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Road Fund | | | | | |
| Regular Appropriation | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| Total Road Fund | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| TOTAL SOURCE OF FUNDS | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 18,062,700 | 19,287,000 | 19,833,800 | 19,173,400 | 19,831,900 |
| Operating Expenses | 1,829,600 | 1,958,300 | 2,007,000 | 1,600,000 | 1,620,000 |
| Capital Outlay | 28,500 | 28,600 | 28,900 | 20,100 | 20,100 |
| TOTAL EXPENDITURES | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Road Fund | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |
| TOTAL EXPENDITURES | 19,920,800 | 21,273,900 | 21,869,700 | 20,793,500 | 21,472,000 |

In accordance with KRS Chapter 176, the Highway Operations program is charged with the administrative functions related directly to the Department of Highways. It encompasses the State Highway Engineer's Office, the Commissioner of Highways Office, the Division of Contract Procurement, and the 12 Highway District Offices located throughout the state. Included in the 12 Highway District Offices are District Legal Offices, which provide legal assistance to the district and reports to the Office of General Counsel and Legislative Affairs. This area's functions include the management of the Department, the procurement of contract services relating to construction and maintenance activities, the assignment of personnel, and the handling of general policy matters relating to the operations of the Cabinet's regional office system. These offices assist and interact with virtually all other functions of the Department of Highways to provide efficient and effective maintenance and construction work throughout the Commonwealth.

**Transportation
Highways
Equipment Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 93,300 | 93,300 | 417,000 | 93,300 | 417,000 |
| Current Receipts | 1,000,000 | 34,797,700 | 35,709,600 | 34,797,700 | 35,709,600 |
| Total Restricted Funds | 1,093,300 | 34,891,000 | 36,126,600 | 34,891,000 | 36,126,600 |
| Road Fund | | | | | |
| Regular Appropriation | | | 3,750,000 | | 1,000,000 |
| Total Road Fund | | | 3,750,000 | | 1,000,000 |
| TOTAL SOURCE OF FUNDS | 1,093,300 | 34,891,000 | 39,876,600 | 34,891,000 | 37,126,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 11,827,900 | 12,507,300 | 13,016,300 | 12,482,700 | 12,775,800 |
| Operating Expenses | -17,527,900 | 9,421,100 | 9,458,700 | 9,894,300 | 10,057,200 |
| Debt Service | | 448,600 | 358,000 | | |
| Construction | 6,700,000 | 12,097,000 | 16,411,400 | 12,097,000 | 13,661,400 |
| TOTAL EXPENDITURES | 1,000,000 | 34,474,000 | 39,244,400 | 34,474,000 | 36,494,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 1,000,000 | 34,474,000 | 35,494,400 | 34,474,000 | 35,494,400 |
| Road Fund | | | 3,750,000 | | 1,000,000 |
| TOTAL EXPENDITURES | 1,000,000 | 34,474,000 | 39,244,400 | 34,474,000 | 36,494,400 |

The mission of the Equipment Services program area is to provide highway construction and maintenance equipment for use by the Department of Highways in the accomplishment of its objectives. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through a network of 18 repair garages located throughout the state.

Policy

At the direction of the Office of State Budget Director, this program will convert from Road Fund support to restricted agency fund support, effective with the start of the 2000-2002 biennium. The Division's charges to the users of the equipment will be captured as restricted agency funds non-revenue receipts, as opposed to expenditure credits to the Road Fund.

The Governor's budget recommendation provides \$1,000,000 in additional Road Fund moneys in fiscal year 2002 to purchase equipment. This Road Fund support is needed during the budgetary transition of becoming a restricted fund based operation.

Restricted agency funds of \$245,900 are included in the recommended budget in fiscal year 2002 to reinstate funding captured via the Empower Kentucky Savings Initiative.

**Transportation
Vehicle Regulation**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 1,142,800 | 847,600 | 597,900 | 897,300 | 647,600 |
| Current Receipts | 2,615,500 | 2,675,300 | 2,702,000 | 2,675,300 | 2,702,000 |
| Total Restricted Funds | 3,758,300 | 3,522,900 | 3,299,900 | 3,572,600 | 3,349,600 |
| Federal Funds | | | | | |
| Current Receipts | 1,500,000 | 1,850,000 | 1,850,000 | 1,850,000 | 1,850,000 |
| Non-Revenue Receipts | 425,000 | 375,000 | 375,000 | 375,000 | 375,000 |
| Total Federal Funds | 1,925,000 | 2,225,000 | 2,225,000 | 2,225,000 | 2,225,000 |
| Road Fund | | | | | |
| Regular Appropriation | 29,821,000 | 32,408,200 | 35,517,000 | 29,926,300 | 31,649,300 |
| Total Road Fund | 29,821,000 | 32,408,200 | 35,517,000 | 29,926,300 | 31,649,300 |
| TOTAL SOURCE OF FUNDS | 35,504,300 | 38,156,100 | 41,041,900 | 35,723,900 | 37,223,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 25,568,100 | 27,862,200 | 28,956,700 | 26,357,800 | 27,119,500 |
| Operating Expenses | 9,038,900 | 9,696,000 | 9,762,700 | 8,718,500 | 8,732,200 |
| Capital Outlay | | | 2,000,000 | | 1,000,000 |
| TOTAL EXPENDITURES | 34,607,000 | 37,558,200 | 40,719,400 | 35,076,300 | 36,851,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 2,861,000 | 2,925,000 | 2,977,400 | 2,925,000 | 2,977,400 |
| Federal Funds | 1,925,000 | 2,225,000 | 2,225,000 | 2,225,000 | 2,225,000 |
| Road Fund | 29,821,000 | 32,408,200 | 35,517,000 | 29,926,300 | 31,649,300 |
| TOTAL EXPENDITURES | 34,607,000 | 37,558,200 | 40,719,400 | 35,076,300 | 36,851,700 |
| EXPENDITURES BY UNIT | | | | | |
| Commissioner | 1,158,000 | 1,334,700 | 1,436,400 | 1,295,700 | 1,330,500 |
| Drivers Licensing | 8,190,500 | 8,645,200 | 8,920,400 | 8,076,500 | 8,110,500 |
| Motor Carriers | 2,143,500 | 2,304,500 | 2,417,100 | 2,271,000 | 2,374,800 |
| Motor Vehicle Licensing | 5,460,500 | 6,173,600 | 8,341,500 | 6,095,500 | 7,248,600 |
| Vehicle Enforcement | 16,880,000 | 18,291,400 | 18,794,000 | 16,528,800 | 16,977,300 |
| Motor Vehicle Commission | 774,500 | 808,800 | 810,000 | 808,800 | 810,000 |
| TOTAL EXPENDITURES | 34,607,000 | 37,558,200 | 40,719,400 | 35,076,300 | 36,851,700 |

The Department of Vehicle Regulation encompasses the Office of the Commissioner, the Division of Driver Licensing, the Division of Motor Carriers, the Division of Motor Vehicle Licensing, the Division of Motor Vehicle Enforcement, and the Motor Vehicle Commission. Each division within the Department of Vehicle Regulation administers specific chapters of the Kentucky Revised Statutes.

The Administration unit, through the Commissioner's Office, coordinates and provides staff functions for the Vehicle Regulation program. This includes the development of central policies and administrative procedures for the implementation of legislative mandated programs, in addition to providing administrative support services.

The Division of Driver Licensing administers KRS Chapters 186, 187, 189A, 218, and 281A, along with 601 Kentucky Administrative Regulations, Chapters 11, 12, and 13. By law, this Division administers driver history records; enforces driver license suspensions, revocations, driver limitations programs; and provides state traffic school programs. Field offices are

located in Louisville, Lexington, Newport, Prestonsburg, Bowling Green, Paducah, Elizabethtown, Hazard, Catlettsburg, Hopkinsville, Madisonville, and Frankfort along with 140 Circuit Clerk Offices, which provide licensing service:

The Division of Motor Carriers performs the following statutory functions: collection and processing fuel and highway use tax from the motor carrier industry (KRS 138.655 through 138.725), register and assign apportioned plates to interstate motor carriers (KRS 186.050), qualify all for-hire transportation within the state (KRS Chapter 281), regulate the rates charged and services rendered by for-hire Kentucky motor carriers of passengers, permitting and routing of over-weight/over-dimensional loads (KRS 189.240), maintain a solid waste permitting system (KRS 174.400), and regulate the States U-Drive-It rental and leasing operations (KRS Chapter 138).

In accordance with the general provisions of KRS Chapters 186, 186A, and 235, the Division of Motor Vehicle Licensing operates and maintains a registration and licensing system for vehicles other than passenger-for-hire types. The Division also calculates and collects fees, issues license tags, and distributes proportional fees to participating states for trucks licensed under the International Registration Plan. In accordance KRS 186A.010 and 186A.015 the Division develops and maintains the Automated Vehicle Information System (AVIS), central title distribution function, and administers the boat numbering, registration, and titling requirements.

The Division of Motor Vehicle Enforcement administers KRS Chapters: 138, 174, 177, 186, 186A, 189, 189A, and 281. This Division consists of Central Office staff, sworn officers, and weigh station technicians who enforce all laws and regulations pertaining to vehicle size, weight, registration, operating authority, fuel tax reporting, insurance, and safety requirements for commercial vehicles. Also, this Division conducts vehicle safety and hazardous materials inspections:

The Motor Vehicle Commission, which is authorized by KRS 190, is attached to the Department of Vehicle Regulation for administrative purposes. The Commission regulates and licenses all motor vehicle manufacturers, dealers, and sales persons engaged in the vehicle business within the Commonwealth. The Commission is funded through various fees, which are deposited to a restricted agency fund account

Policy

Amounts in revised fiscal year 2000 and in the 2000-2002 biennium have been modified to accurately display revisions to the Official Road Fund Estimate in those programs where the Kentucky Revised Statutes mandate expenditure authority shall be adjusted to revenue received.

The Governor's recommended budget provides additional Road Fund support for the Cash Drawer / KVIS Hardware in the 2000-2002 biennium with \$600,000 in fiscal year 2001 and \$1,600,000 in fiscal year 2002. This funding will enhance the coordination efforts between the Division of Motor Vehicle Licensing and the County Clerk's offices throughout the state

**Transportation
Debt Service**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Road Fund | | | | | |
| Regular Appropriation | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| Total Road Fund | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| TOTAL SOURCE OF FUNDS | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| EXPENDITURES BY CLASS | | | | | |
| Debt Service | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| TOTAL EXPENDITURES | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Road Fund | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |
| TOTAL EXPENDITURES | 168,633,500 | 167,275,700 | 169,854,300 | 167,275,700 | 169,854,300 |

The Debt Service program is the budget entity through which payments of principal and interest are made on the revenue bonds the Commonwealth has issued to finance highway construction.

The Kentucky Turnpike Authority sold revenue bonds for the construction of the Commonwealth's system of toll roads in the 1960's. Virtually all of the toll road bonds have been refunded in recent years to take advantage of lower interest rates. Debt service on the outstanding bonds is provided in the form of "lease rental payments" from the Transportation Cabinet to the Turnpike Authority.

The Energy Resource Recovery Act passed by the 1976 General Assembly authorized the issuance of Resource Recovery Road Bonds to finance construction and reconstruction of highways which bear a large portion of Kentucky's coal haul traffic. The original bonds were issued in 1977, 1978, and 1979, and have been refinanced to take advantage of falling interest rates.

In 1980, the General Assembly empowered the Turnpike Authority to issue bonds for the purpose of improving the Commonwealth's Economic Development Road System. The original issue of \$300 million was made in May of 1984 and has since been refunded. The 1990 General Assembly authorized another \$600 million of these bonds in KRS Chapter 175. Approximately \$300 million of these bonds were sold in October 1991, as authorized in the 1990 Appropriations Act; \$150 million in bonds were sold in April 1993, as provided in the 1992 Appropriations Act. The remaining \$150 million in bonds were sold in April 1995, as provided in the 1994 Appropriations Act. Most recently, \$200 million in Economic Development Road Revenue Bonds authorized by the 1998 General Assembly were sold in 1999.

Expenditures by Unit of the sub-programs encompassed in the Debt Service program are reflected below:

| | <u>2001</u> | <u>2002</u> |
|-----------------------------------|-------------|-------------|
| Toll Roads Lease Rental | 620,600 | 620,600 |
| Resource Recovery Lease Rental | 36,066,600 | 12,350,400 |
| Economic Development Lease Rental | 130,588,500 | 156,883,300 |

Policy

The recommended budget assumes suspension during the 2000-2002 biennium of KRS 175.505, which provides for deposits to the Debt Payment Acceleration Fund account. The funding made available by this suspension is proposed for use in the state funded construction program.

Workforce Development

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|---|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 52,012,600 | 63,810,200 | 71,573,600 | 53,049,200 | 55,042,100 |
| Continuing Appropriation | 1,861,900 | | | | |
| Total General Fund | 53,874,500 | 63,810,200 | 71,573,600 | 53,049,200 | 55,042,100 |
| Restricted Funds | | | | | |
| Balance Forward | 3,705,200 | 2,626,700 | 1,835,700 | 2,626,700 | 1,835,700 |
| Current Receipts | 7,626,100 | 7,668,700 | 7,758,800 | 7,668,700 | 7,758,800 |
| Non-Revenue Receipts | 30,210,900 | 34,424,800 | 32,632,500 | 34,424,800 | 32,632,500 |
| Total Restricted Funds | 41,542,200 | 44,720,200 | 42,227,000 | 44,720,200 | 42,227,000 |
| Federal Funds | | | | | |
| Balance Forward | 3,479,700 | | | | |
| Current Receipts | 436,803,400 | 446,534,000 | 443,189,500 | 445,134,000 | 441,789,500 |
| Non-Revenue Receipts | -9,356,000 | -10,515,700 | -10,632,200 | -10,515,700 | -10,632,200 |
| Total Federal Funds | 430,927,100 | 436,018,300 | 432,557,300 | 434,618,300 | 431,157,300 |
| TOTAL SOURCE OF FUNDS | 526,343,800 | 544,548,700 | 546,357,900 | 532,387,700 | 528,426,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 106,656,200 | 111,293,900 | 111,303,300 | 112,789,200 | 113,190,400 |
| Operating Expenses | 29,547,400 | 32,709,000 | 37,784,000 | 31,516,600 | 32,954,300 |
| Grants, Loans or Benefits | 385,866,000 | 397,892,900 | 395,784,600 | 385,429,000 | 380,795,700 |
| Capital Outlay | 1,647,500 | 817,200 | 563,300 | 817,200 | 563,300 |
| TOTAL EXPENDITURES | 523,717,100 | 542,713,000 | 545,435,200 | 530,552,000 | 527,503,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 53,874,500 | 63,810,200 | 71,573,600 | 53,049,200 | 55,042,100 |
| Restricted Funds | 38,915,500 | 42,884,500 | 41,304,300 | 42,884,500 | 41,304,300 |
| Federal Funds | 430,927,100 | 436,018,300 | 432,557,300 | 434,618,300 | 431,157,300 |
| TOTAL EXPENDITURES | 523,717,100 | 542,713,000 | 545,435,200 | 530,552,000 | 527,503,700 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Program Support | 11,440,000 | 15,472,100 | 19,072,900 | 9,391,200 | 9,275,800 |
| State Board for Adult and Technical Education | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| Technical Education | 47,621,400 | 47,188,000 | 48,865,300 | 49,523,000 | 51,690,400 |
| Adult Education and Literacy | 24,166,200 | 24,504,600 | 24,229,300 | 22,204,500 | 21,983,000 |
| Vocational Rehabilitation | 54,098,800 | 57,261,700 | 61,134,100 | 51,640,000 | 53,219,200 |
| Department for the Blind | 11,343,000 | 11,279,000 | 11,485,000 | 10,785,700 | 10,686,700 |
| State Board for Proprietary Education | 112,500 | 116,100 | 119,400 | 116,100 | 119,400 |
| Teacher Retirement Employer Contribution | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| Training and Reemployment | 51,428,600 | 62,835,700 | 58,813,500 | 62,835,700 | 58,813,500 |
| Employment Services | 318,945,600 | 319,385,400 | 316,933,100 | 319,385,400 | 316,933,100 |
| TOTAL EXPENDITURES | 523,717,100 | 542,713,000 | 545,435,200 | 530,552,000 | 527,503,700 |

The Workforce Development Cabinet remains challenged by shifting economic and educational trends that, a decade ago, compelled Kentucky state government to seek a more comprehensive approach to workforce development with the establishment of the Cabinet. Internal and external forces continue to greatly influence the agency as better ways are sought to prepare the incumbent and future workforce. Now regarded a national pacesetter in workforce development innovation, the Cabinet has firmly set the foundation to align Kentucky's workforce development system more closely with individual and employer needs through initiatives such as the School-to-Work program and the One-Stop Career Center System. Cabinet programs have also played a substantial role in the three years since welfare reform was enacted. More recently, the Cabinet assumed a leadership role in implementation of the far-reaching, federal Workforce Investment Act of 1998.

Research demonstrates that the Commonwealth is in the midst of profound economic restructuring that has transformed the nature of work, and the skills demanded of this work. Once a keystone of Kentucky's economy, manufacturing and industrial jobs continue to dissipate; being replaced with work driven by technology, world markets, and consumer demand for quality products and services. Low educational levels among working age adults persist. Cabinet initiatives will play a key role in responding to the acute skills shortage that threatens Kentucky's very foundation of economic progression in the new century. The social and economic benefits to Kentucky will become more apparent as a host of Cabinet initiatives coalesce in the new biennium and beyond.

The Cabinet serves a broad constituency, each with its own unique characteristics and requirements. Clients who benefit from Cabinet programs include:

- Business and industry;
- Dislocated workers;
- Adults requiring basic education and literacy training;
- Incumbent workers needing upgrade training;
- Individuals making the transition from welfare to work;
- New job force entrants;
- Persons with disabilities seeking employment;
- Economically disadvantaged youth;
- Youth preparing for postsecondary education or work;
- Career transitioning workers; and, other job seekers.

Throughout the 2000-2002 biennium and beyond, the Cabinet will:

- Preserve and advance principles that allow for Kentucky's economic opportunities, standard of living, and quality of life to exceed the national average in 20 years;
- Emphasize secondary vocational-technical education through programs at the 52 area technology centers;
- Recognize the many consumers of workforce development, including job seekers and employers;
- Empower educationally disadvantaged workers through adult education and literacy services and other employment services, including training upgrades;
- Respond to permanent changes in traditional economic bases through a seamless workforce development system, employment and training activities, as well as adult education programs;
- Commit resources to build up human capital to attract private capital;
- Enable individuals with disabilities to participate in the workforce;
- Respond to the federal Workforce Investment Act of 1998, which promotes streamlining of training and employment services, universal access and accountability for results.

**Workforce Development
General Administration and Program Support**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|--|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,553,500 | 8,755,800 | 12,457,000 | 2,674,900 | 2,659,900 |
| Total General Fund | 2,553,500 | 8,755,800 | 12,457,000 | 2,674,900 | 2,659,900 |
| Restricted Funds | | | | | |
| Balance Forward | 1,022,400 | 816,200 | 478,000 | 816,200 | 478,000 |
| Current Receipts | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 |
| Non-Revenue Receipts | 5,648,300 | 5,744,600 | 5,916,900 | 5,744,600 | 5,916,900 |
| Total Restricted Funds | 6,690,200 | 6,580,300 | 6,414,400 | 6,580,300 | 6,414,400 |
| Federal Funds | | | | | |
| Balance Forward | 7,300 | | | | |
| Current Receipts | 2,161,700 | 614,000 | 288,200 | 614,000 | 288,200 |
| Non-Revenue Receipts | 843,500 | | | | |
| Total Federal Funds | 3,012,500 | 614,000 | 288,200 | 614,000 | 288,200 |
| TOTAL SOURCE OF FUNDS | 12,256,200 | 15,950,100 | 19,159,600 | 9,869,200 | 9,362,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 6,022,600 | 6,537,000 | 6,735,400 | 6,142,500 | 6,320,900 |
| Operating Expenses | 2,234,100 | 3,352,000 | 7,060,500 | 2,165,600 | 2,177,900 |
| Grants, Loans or Benefits | 3,128,300 | 5,528,100 | 5,222,000 | 1,028,100 | 722,000 |
| Capital Outlay | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| TOTAL EXPENDITURES | 11,440,000 | 15,472,100 | 19,072,900 | 9,391,200 | 9,275,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 2,553,500 | 8,755,800 | 12,457,000 | 2,674,900 | 2,659,900 |
| Restricted Funds | 5,874,000 | 6,102,300 | 6,327,700 | 6,102,300 | 6,327,700 |
| Federal Funds | 3,012,500 | 614,000 | 288,200 | 614,000 | 288,200 |
| TOTAL EXPENDITURES | 11,440,000 | 15,472,100 | 19,072,900 | 9,391,200 | 9,275,800 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Program Support | 11,440,000 | 15,472,100 | 19,072,900 | 9,371,100 | 9,266,000 |
| Wage Equity | | | | 20,100 | 9,800 |
| TOTAL EXPENDITURES | 11,440,000 | 15,472,100 | 19,072,900 | 9,391,200 | 9,275,800 |

General Administration and Program Support provides central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. The program is responsible for policy and budget development, personnel transactions, legal services, including legislative and regulatory development, communications, economic analysis and research, as well as school-to-work activities. The following offices make up the General Administration program:

The Office of the Secretary provides the strategic direction and leadership for the Cabinet, including the coordination of Cabinet activities among the departments and agencies. The Secretary serves as the Chief Executive Officer for the Cabinet and is an advisor to the Governor and the General Assembly regarding workforce issues.

The Office of School-to-Work was created in accordance with KRS 151B.250 to implement the School-to-Work initiative. The Office is headed by an Executive Director appointed by the Secretary of the Workforce Development Cabinet. The federally funded time-limited program was scheduled to sunset September 30, 1999. However, the U.S. Department of Labor recently announced that Kentucky will receive an additional \$1 million to extend the program for one year. These new funds will allow the Commonwealth to focus on specific areas that have been identified as key to ensure that Kentucky's School-to-Work system is self-sustaining once federal funding does cease

The Office of General Counsel provides legal advice and representation, including review of contracts, memoranda (agreements, personnel legal actions, regulations, legislation and policy review.

The Office of Workforce Analysis and Research is responsible for data collection and analytical research on economic and employment trends. The Kentucky Occupational Information Coordinating Committee (KOICC) is administratively attached to this office. The committee is composed of 16 public and private representatives. The KOICC disseminates of occupational, labor market, education training, and career information for use by counselors, students, and others. It is federally funded.

The Office of Development and Industry Relations serves as the central point of contact for the private sector to access adult education and job training services. It performs both an outreach and a partnership function between the Cabinet and Kentucky businesses. This assists in fulfilling Kentucky's need to increase the number of employees with globally competitive skills.

The Office of Communications provides internal and external communications, disseminating information about the Cabinet and its components to employees, the media and the general public.

The Office of Personnel Services is responsible for personnel activities, which include processing personnel and payroll documents, providing benefit services to Cabinet employees, preparing an array of staffing reports, and monitoring compliance with statutes and regulations.

The Office for Policy and Budget provides assistance to the Secretary by providing coordination and analysis for policy formation and Cabinet management; preparation and oversight of the biennial budget; coordination and monitoring of state and federal legislative activities; technical support to departments and offices; and a variety of programmatic and financial matters.

Previously, the Job Training Partnership Act (JTPA) Education and Coordination Branch was attached to the Office for Policy and Budget. However, the JTPA program ended with Kentucky's implementation of the Workforce Investment Act of 1998 (WIA) on July 1, 1999. The eight percent JTPA funds, previously administered by the branch, are now included in the general Title I allotment of WIA. Likewise, the functions associated with those funds are now also a Title I responsibility. The Office of Training and Reemployment (OTR) has been designated to assume the role of the administrative entity for Title I programs funded under WIA. Consequently, Executive Order 99-1722 effective December 28, 1999, reorganized the OTR to reflect the new duties and responsibilities of the federal law, and the former JTPA Coordination and Education Branch has been incorporated into OTR.

The Client Assistant Branch is a federally mandated and funded program that ensures the protection of rights of disabled individuals under the Rehabilitation Act of 1973, as amended.

The Office of Administrative Services houses the Computer Services Division, which serves as the central location for all Cabinet data processing programs statewide. The Division of Fiscal Services is responsible for all central office purchasing, auditing and processing of financial documents and maintenance of the MARS accounting system. The Division of Facilities Management is responsible for the physical management of all state-owned/state-operated facilities, equipment and property assigned to agencies within the Cabinet.

The Postsecondary Students with Disabilities project (Project SUCCESS) enhances postsecondary education for learning disabled students. Eastern Kentucky University, through a subgrant from the Cabinet, operates this initiative. Project SUCCESS provides tutors, testing and advocacy for students who need remedial training in reading, English and math

Policy

General Fund support in the amount of \$119,700 in fiscal year 2001 and \$122,700 in fiscal year 2002 is provided to maintain current services.

The Executive Budget provides for General Fund support totaling \$700,000 in each fiscal year for operating and grant cost relating to the School-to-Careers system. The initiative will envelope a number of career related programs, including Tech Prep, and School-to-Work. The Cabinet will have sole responsibility for the initiative, notwithstanding any provisions of KRS 151B.250, KRS 151B.255, KRS 158.760 and KRS 158.7603 to the contrary.

In accordance with Part II of the Capital Projects Budget, investment income totaling \$250,000 in fiscal year 2001 and \$425,000 in fiscal year 2002 is provided for a Maintenance Pool

Included in the Governor's Recommendations is an allocation from the General Fund in the amount of \$20,100 in fiscal year 2001 and \$9,800 in fiscal year 2002 for the Wage Equity Plan.

**Workforce Development
State Board for Adult and Technical Education**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| Total General Fund | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| TOTAL SOURCE OF FUNDS | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 13,500 | 14,300 | 15,000 | 14,300 | 15,000 |
| Operating Expenses | 17,000 | 16,900 | 17,000 | 16,900 | 17,000 |
| TOTAL EXPENDITURES | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |
| TOTAL EXPENDITURES | 30,500 | 31,200 | 32,000 | 31,200 | 32,000 |

The State Board for Adult and Technical Education was established by the 1990 General Assembly and operates under the provisions of KRS Chapter 151B. The Board consists of 11 voting members, who are appointed by the Governor. A chairperson is selected by the membership of the board.

Collectively, the members of the State Board for Adult and Technical Education possess an understanding of business and industry, as it relates to education and workforce development, a knowledge of occupational and academic needs of secondary students, a knowledge of adult education and literacy issues, and a working knowledge of personnel administration or management.

The State Board for Adult and Technical Education advises the Secretary of the Cabinet for Workforce Development on the operation of the state-operated secondary area technology centers; all programs and services operated in those centers; adult education and literacy programs and services, the KCTCS, or local boards of education for space, equipment, supplies, and/or General Fund or Support Education Excellence in Kentucky (SEEK) moneys in order to carry out these programs and services.

The Board is authorized to recommend to the State Board for Elementary and Secondary Education standards pertaining to secondary technical education curriculum, accreditation, equipment, facilities, and related matters.

The Board must meet a minimum of four times per year and has three committees: the Technical Education Committee, the Adult Education Committee, and the Personnel Committee. Special task forces and work groups are appointed as needed.

**Workforce Development
Technical Education**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 19,515,700 | 19,201,900 | 20,149,800 | 21,536,900 | 22,974,900 |
| Total General Fund | 19,515,700 | 19,201,900 | 20,149,800 | 21,536,900 | 22,974,900 |
| Restricted Funds | | | | | |
| Balance Forward | 626,000 | 834,300 | 527,700 | 834,300 | 527,700 |
| Current Receipts | 2,032,800 | 2,007,600 | 2,043,900 | 2,007,600 | 2,043,900 |
| Non-Revenue Receipts | 15,973,200 | 15,333,500 | 16,081,600 | 15,333,500 | 16,081,600 |
| Total Restricted Funds | 18,632,000 | 18,175,400 | 18,653,200 | 18,175,400 | 18,653,200 |
| Federal Funds | | | | | |
| Balance Forward | 69,900 | | | | |
| Current Receipts | 17,672,300 | 17,408,700 | 17,440,500 | 17,408,700 | 17,440,500 |
| Non-Revenue Receipts | -7,434,200 | -7,070,300 | -7,071,300 | -7,070,300 | -7,071,300 |
| Total Federal Funds | 10,308,000 | 10,338,400 | 10,369,200 | 10,338,400 | 10,369,200 |
| TOTAL SOURCE OF FUNDS | 48,455,700 | 47,715,700 | 49,172,200 | 50,050,700 | 51,997,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 27,563,500 | 28,907,100 | 30,340,200 | 31,092,100 | 32,965,300 |
| Operating Expenses | 8,952,200 | 8,773,300 | 9,034,600 | 8,923,300 | 9,234,600 |
| Grants, Loans or Benefits | 10,535,800 | 9,053,800 | 9,063,000 | 9,053,800 | 9,063,000 |
| Capital Outlay | 569,900 | 453,800 | 427,500 | 453,800 | 427,500 |
| TOTAL EXPENDITURES | 47,621,400 | 47,188,000 | 48,865,300 | 49,523,000 | 51,690,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 19,515,700 | 19,201,900 | 20,149,800 | 21,536,900 | 22,974,900 |
| Restricted Funds | 17,797,700 | 17,647,700 | 18,346,300 | 17,647,700 | 18,346,300 |
| Federal Funds | 10,308,000 | 10,338,400 | 10,369,200 | 10,338,400 | 10,369,200 |
| TOTAL EXPENDITURES | 47,621,400 | 47,188,000 | 48,865,300 | 49,523,000 | 51,690,400 |
| EXPENDITURES BY UNIT | | | | | |
| Technical Education | 35,915,400 | 35,520,500 | 37,154,800 | 37,642,300 | 39,680,200 |
| Equipment | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| Continuing Education Programs | 638,000 | 634,600 | 646,800 | 634,600 | 646,800 |
| Federal Programs | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |
| Wage Equity | | | | 213,200 | 299,700 |
| TOTAL EXPENDITURES | 47,621,400 | 47,188,000 | 48,865,300 | 49,523,000 | 51,690,400 |

The Department for Adult and Technical Education was established July 1, 1990 by KRS 151B. It was subsequently reorganized during fiscal year 1994, and renamed the Department for Technical Education. The Kentucky Postsecondary Education Improvement Act of 1997 separated the 25 postsecondary technical schools from the Department to join the new Kentucky Community and Technical College System (KCTCS) on July 1, 1998. The Department currently has two major roles. The first role includes the management and operation of the 52 Area Technology Centers. The other role involves serving as the state agency for the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332) federal grant for the Commonwealth.

The Department's mission is to provide education and training to develop a skilled and versatile workforce. While the focus is primarily on providing education and technical training to youth, the intended outcome has a tremendous impact on future economic development. The important measures of success are transition to the workforce, and successful transition of

students to advanced technical training. The Department is regulated by the State Board for Adult and Technical Education for personnel matters, and compliance with federal programs

The Department was reorganized from three divisions to two divisions after the separation of the secondary and postsecondary staff in 1998. The two divisions are: the Division for School Services, and the Division for Administrative Service:

- The Division of School Services has primary responsibility for curriculum, program supervision, staff development, and programmatic technical assistance to the Area Technology Centers. The Division also has primary responsibility for liaison activities with local school districts and business and industry.
- The Division for Administrative Service has primary responsibility for: implementing the provisions of the federal grant for technical education in Kentucky, budget preparation and oversight, the student information system, contracts, and five Administrative Business Offices.

Since the movement of the postsecondary technical schools to KCTCS, the Department has had the unprecedented opportunity to dedicate attention and resources on Area Technology Centers to better meet the needs of secondary students. Area Technology Centers are located throughout the Commonwealth, and generally located in small-to medium-sized counties. These schools are also uniquely positioned to serve business and industries where it is not possible to be served by a postsecondary institution. This aspect provides cost-effective measures in response to training needs of business and industry, and local economic development initiatives. Area Technology Centers are, therefore, not only vital in the overall scheme of Kentucky's efforts to better prepare secondary technical students for postsecondary education or employment, but provide an additional avenue to upgrade skills of incumbent workers in some areas of the state.

Policy

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$213,200 in fiscal year 2001 and \$299,700 in fiscal year 2002 for the Wage Equity Plan.

**Workforce Development
Technical Education
School Support and Administration**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 17,642,700 | 17,394,400 | 18,342,300 | 19,516,200 | 20,867,700 |
| Total General Fund | 17,642,700 | 17,394,400 | 18,342,300 | 19,516,200 | 20,867,700 |
| Restricted Funds | | | | | |
| Balance Forward | 508,300 | 676,600 | 331,600 | 676,600 | 331,600 |
| Current Receipts | 1,354,800 | 1,334,600 | 1,365,900 | 1,334,600 | 1,365,900 |
| Non-Revenue Receipts | 15,973,200 | 15,333,500 | 16,081,600 | 15,333,500 | 16,081,600 |
| Total Restricted Funds | 17,836,300 | 17,344,700 | 17,779,100 | 17,344,700 | 17,779,100 |
| Federal Funds | | | | | |
| Current Receipts | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 |
| Total Federal Funds | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 |
| TOTAL SOURCE OF FUNDS | 36,592,000 | 35,852,100 | 37,234,400 | 37,973,900 | 39,759,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 26,701,200 | 28,014,700 | 29,417,700 | 29,986,500 | 31,743,100 |
| Operating Expenses | 7,011,200 | 6,844,200 | 7,101,800 | 6,994,200 | 7,301,800 |
| Grants, Loans or Benefits | 1,877,500 | 452,200 | 452,200 | 452,200 | 452,200 |
| Capital Outlay | 325,500 | 209,400 | 183,100 | 209,400 | 183,100 |
| TOTAL EXPENDITURES | 35,915,400 | 35,520,500 | 37,154,800 | 37,642,300 | 39,680,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 17,642,700 | 17,394,400 | 18,342,300 | 19,516,200 | 20,867,700 |
| Restricted Funds | 17,159,700 | 17,013,100 | 17,699,500 | 17,013,100 | 17,699,500 |
| Federal Funds | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 | 1,113,000 |
| TOTAL EXPENDITURES | 35,915,400 | 35,520,500 | 37,154,800 | 37,642,300 | 39,680,200 |

Kentucky Revised Statute 151B establishes the Department for Technical Education. The Department is responsible for administering the 52 state operated Area Technology Centers. The Department is organized into two divisions: the Division for School Services, and the Division for Administrative Services.

The Division for School Services provides leadership and management of technical training programs including: establishing program standards; providing instructional supervision and technical assistance; providing curriculum services including task list development and management; offering staff development including training for newly employed instructors, implementing federal program initiatives, and managing secondary student organizations. The Division for School Services also pursues and maintains articulation agreements with institutions at the secondary and postsecondary levels. Most articulation agreements are with postsecondary technical schools, community colleges, and universities within Kentucky. Articulation agreements allow students to continue education at a higher level without duplicating previous course work. Business and industry linkages are critical to the quality of instructional programs.

The Division for Administrative Services consists of the Federal Programs Branch and the Budget and Business Branch. Five Administrative Business Offices are assigned to the Budget and Business Branch to provide accounting, purchasing, and personnel services for schools.

Policy

The Executive Budget provides General Fund support totaling \$800,000 in fiscal year 2001 and \$1,200,000 in fiscal year 2002 for new Computer Technology Systems programs in the Area Technology Centers. These funds will support additional teacher and support staff salaries, equipment costs and classroom supplies for 15 new programs in fiscal year 2001 and 20 programs in fiscal year 2002.

The Executive Budget also provides a total of \$1,250,000 from the General Fund in each fiscal year for salary equity for certain staff in the Department and Area Technology Centers

General Fund support in the amount of \$130,000 in fiscal year 2001 and \$136,500 in fiscal year 2002 are also provided for three additional positions and operating costs. These staff will monitor Level III technology classes for compliance with funding criteria and course standards in the 26 technical centers operated by independent school districts throughout the Commonwealth. The staff will also offer technical assistance, assessment and other services.

A total of \$600,000 from the General Fund is provided in fiscal year 2002 for the Cabinet to operate the new Jackson County Area Technology Center. The Center is scheduled to open in the second year of the biennium. These funds will support eight additional positions and associated operating costs.

**Workforce Development
Technical Education
Equipment**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| Total General Fund | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| TOTAL SOURCE OF FUNDS | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| EXPENDITURES BY CLASS | | | | | |
| Operating Expenses | 1,563,100 | 1,563,100 | 1,563,100 | 1,563,100 | 1,563,100 |
| Grants, Loans or Benefits | 65,500 | | | | |
| Capital Outlay | 244,400 | 244,400 | 244,400 | 244,400 | 244,400 |
| TOTAL EXPENDITURES | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |
| TOTAL EXPENDITURES | 1,873,000 | 1,807,500 | 1,807,500 | 1,807,500 | 1,807,500 |

Kentucky Revised Statute 151B establishes responsibility of the state-operated system of Kentucky Tech area technology schools in the Department for Technical Education. The Department has a line item for equipment procurement and maintaining and/or replacing existing equipment.

Equipment funding is used by the Department for Technical Education to replace outdated and worn out equipment, maintain and repair existing equipment and up-grade instructional programs. Funds are distributed to all Area Technology Centers in the system by a funding formula which considers inventory, age of equipment, number of programs and enrollment.

The availability of the equipment fund is spread throughout all the schools and programs in the System. Examples of acquired equipment include computer-aided drafting equipment, computerized machine tool technology equipment, and robotics equipment used in simulated manufacturing labs.

**Workforce Development
Technical Education
Continuing Education Programs**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 117,700 | 157,700 | 196,100 | 157,700 | 196,100 |
| Current Receipts | 678,000 | 673,000 | 678,000 | 673,000 | 678,000 |
| Total Restricted Funds | 795,700 | 830,700 | 874,100 | 830,700 | 874,100 |
| TOTAL SOURCE OF FUNDS | 795,700 | 830,700 | 874,100 | 830,700 | 874,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 469,000 | 477,500 | 486,000 | 477,500 | 486,000 |
| Operating Expenses | 169,000 | 157,100 | 160,800 | 157,100 | 160,800 |
| TOTAL EXPENDITURES | 638,000 | 634,600 | 646,800 | 634,600 | 646,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 638,000 | 634,600 | 646,800 | 634,600 | 646,800 |
| TOTAL EXPENDITURES | 638,000 | 634,600 | 646,800 | 634,600 | 646,800 |

Kentucky Revised Statute 151B establishes the responsibility of the Kentucky Tech System within the Department for Technical Education. Part of the responsibility of this system of schools is to provide continuing and customized technical education programs on an as-needed basis. The need is established based on the demand from business and industry, as well as demand from adults in the community seeking to enhance their employment opportunities. Area Technology Centers serve this role in areas of the Commonwealth where continuing education is not available at a postsecondary institution.

Demand for training programs from business and industry may range from continuing education in computer applications to customized training programs such as robotics for a specific industry.

Many adults pursue continuing education programs to upgrade or update technical skills related to their present employment. Additionally, adults who are faced with layoffs or unemployment as a result of business and industry closure opt to use these programs to retrain in a different field, affording them greater employment opportunities in the existing labor market.

Training programs are also designed to meet the increasing demands of various state and local regulatory certification requirements. Examples include additional programs in water handling, blood and air borne pathogens and heating and cooling systems.

**Workforce Development
Technical Education
Federal Programs**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Balance Forward | 69,900 | | | | |
| Current Receipts | 16,559,300 | 16,295,700 | 16,327,500 | 16,295,700 | 16,327,500 |
| Non-Revenue Receipts | -7,434,200 | -7,070,300 | -7,071,300 | -7,070,300 | -7,071,300 |
| Total Federal Funds | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |
| TOTAL SOURCE OF FUNDS | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 393,300 | 414,900 | 436,500 | 414,900 | 436,500 |
| Operating Expenses | 208,900 | 208,900 | 208,900 | 208,900 | 208,900 |
| Grants, Loans or Benefits | 8,592,800 | 8,601,600 | 8,610,800 | 8,601,600 | 8,610,800 |
| TOTAL EXPENDITURES | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |
| TOTAL EXPENDITURES | 9,195,000 | 9,225,400 | 9,256,200 | 9,225,400 | 9,256,200 |

The Division of Federal Programs and Support includes the major functions of: coordinating the development of the State Plan for Vocational-Technical Education, as required by the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (Public Law 101-392), and related provisions regarding distribution of funds, developing a statewide system of standards and measures for technical programs, tracking and monitoring sub-grants to eligible recipients, and developing an annual evaluation system. The Division also serves as liaison with occupational and support programs in community colleges and universities assisted under the federal Vocational-Technical Act, and provides in-service and technical assistance to educational institutions regarding the provisions and requirements of the federal Vocational-Technical Act. The Division manages the Department's annual and biennial budget; operates and maintains an automated student information system containing selected characteristics for technical programs and students; and develops and implements a Methods of Administration (MOA) to comply with the requirements of the Office of Civil Rights relating to equity in technical programs.

The Act includes two major components: the Basic Grant and Tech Prep. The Basic Grant funds are for program improvement. Tech Prep funds are earmarked for the development and modification of programs that combines at a minimum two years of secondary education with a minimum of two years of postsecondary education in a non-duplicative, sequential course of study in a technical program leading to employment or further education. Tech Prep integrates academic and technical education, uses work-based and worksite learning where appropriate and available. It builds student competence in mathematics, science, reading, writing, communications, economics, and workplace skills through applied, contextual academics and integrated instruction in a coherent sequence of courses. The Department for Technical Education provides statewide direction, leadership, and supervision in this initiative.

**Workforce Development
Adult Education and Literacy**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 12,779,400 | 13,324,400 | 13,634,600 | 11,024,300 | 11,388,300 |
| Continuing Appropriation | 1,861,900 | | | | |
| Total General Fund | 14,641,300 | 13,324,400 | 13,634,600 | 11,024,300 | 11,388,300 |
| Restricted Funds | | | | | |
| Balance Forward | 228,100 | 32,600 | 11,800 | 32,600 | 11,800 |
| Current Receipts | 62,500 | 62,500 | 62,500 | 62,500 | 62,500 |
| Total Restricted Funds | 290,600 | 95,100 | 74,300 | 95,100 | 74,300 |
| Federal Funds | | | | | |
| Balance Forward | 229,800 | | | | |
| Current Receipts | 6,109,000 | 8,918,400 | 8,289,800 | 8,918,400 | 8,289,800 |
| Non-Revenue Receipts | 2,928,100 | 2,178,500 | 2,230,600 | 2,178,500 | 2,230,600 |
| Total Federal Funds | 9,266,900 | 11,096,900 | 10,520,400 | 11,096,900 | 10,520,400 |
| TOTAL SOURCE OF FUNDS | 24,198,800 | 24,516,400 | 24,229,300 | 22,216,300 | 21,983,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 2,051,400 | 2,354,000 | 2,475,800 | 2,167,800 | 2,289,700 |
| Operating Expenses | 692,600 | 663,600 | 674,700 | 607,600 | 627,600 |
| Grants, Loans or Benefits | 21,422,200 | 21,487,000 | 21,078,800 | 19,429,100 | 19,065,700 |
| TOTAL EXPENDITURES | 24,166,200 | 24,504,600 | 24,229,300 | 22,204,500 | 21,983,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 14,641,300 | 13,324,400 | 13,634,600 | 11,024,300 | 11,388,300 |
| Restricted Funds | 258,000 | 83,300 | 74,300 | 83,300 | 74,300 |
| Federal Funds | 9,266,900 | 11,096,900 | 10,520,400 | 11,096,900 | 10,520,400 |
| TOTAL EXPENDITURES | 24,166,200 | 24,504,600 | 24,229,300 | 22,204,500 | 21,983,000 |
| EXPENDITURES BY UNIT | | | | | |
| Management and Support Services | 903,500 | 1,196,400 | 1,245,800 | 955,100 | 1,004,500 |
| Program Services | 22,055,800 | 22,085,200 | 21,723,200 | 20,061,800 | 19,698,600 |
| Workforce Investment | 1,206,900 | 1,223,000 | 1,260,300 | 1,165,100 | 1,247,200 |
| Wage Equity | | | | 22,500 | 32,700 |
| TOTAL EXPENDITURES | 24,166,200 | 24,504,600 | 24,229,300 | 22,204,500 | 21,983,000 |

The Department for Adult Education and Literacy (DAEL) was formed in 1993 as a result of the merger of the Kentucky Literacy Commission and the Office of Adult Education. By elevating the state agency to department status in the Cabinet, the Commonwealth validated its belief in the importance of adult education in workforce and economic development. The Department funds a network of local instructional programs statewide to assist adults in acquiring knowledge, and developing the potential to achieve their goals in the workplace, at home, and in society.

It has been well documented that the ability of Kentucky to flourish economically, and to provide high living standards is dependent upon the quality, accessibility, and relevance of its educational system. According to the report recently issued by the Task Force on Adult Education, "Adult illiteracy is a fundamental barrier to every major challenge facing Kentucky, including early childhood education, education reform, economic development, and improving the health and well-being of Kentucky's families and communities." Another report, *The Leadership Challenge Ahead: Trends that will dominate the future agenda*, issued by the Kentucky Long-Term Policy Research Center, identified numerous trends that reflect a need for a better educated

population. Whether the issue was occupational trends, workforce training, poverty, income equality, the emergence of information technology, or globalization of the economy, a common theme emerged: the Commonwealth's adult population must develop the educational skills necessary to enhance Kentucky's human capital, participate more fully in society, and realize their maximum potential. As all levels of the workforce become increasingly reliant on knowledge and intellect, the authors of *The Leadership Challenge Ahead* concluded, that "employees must be able to function successfully both as individuals and team members and possess a solid foundation in the basics ranging from math and verbal literacy to an overall ability to learn." It is becoming increasingly clear that "brain power" has replaced "brawn power" as the vehicle for economic growth.

Kentucky's working age population remains undereducated according to a number of measures. The Commonwealth ranks 49 according to the 1990 U.S. Census in the number of adults completing high school. Of the total adult population, age 16 and over and out of school, 36 percent have not attained a high school diploma. Of those not completing high school, 18 percent of Kentucky's total population have not completed the eighth grade. In addition, the Kentucky Adult Literacy Survey (KALS) revealed that 40 percent of the Commonwealth's adults performed in the lowest two skill levels (Levels 1 and 2) in prose, document, and quantitative literacy. Their proficiencies are limited to such tasks as the ability to sign their own name on a form or locate a single fact in a table. Consequently, they do not possess the aptitude to compare and contrast information, generate ideas from what they read, or apply information to solve a problem – all essential skills in today's society. As a result, they lack the ability to fully participate in the workplace, the home, and the community.

These individuals are more likely to receive welfare, food stamps, and live in poverty; and less apt to be employed, earn high wages, encourage literacy development in their children, or vote. For Kentucky, the result is a state with fewer resources to meet its social, political, civic, and economic goals and objectives. As stated in the Task Force on Adult Education report, "Kentucky's capacity to raise the state's per capita income, improve the quality of its population, and develop a competitive economy, depends fundamentally on the state's ability to increase the population's education attainment." Therefore, it is critical that a system of adult education programs exists to prepare Kentucky's adult population for the changing workplace, and the more demanding complex society.

Policy

Pursuant to the Task Force on Adult Education's recommendations, the \$2 million annual Special Adult Education and Literacy Fund approved in House Bill 1 in the 1997 Extraordinary Session will be transferred to the Council on Postsecondary Education (CPE) for deposit into the Adult Education and Literacy Initiative Fund. These funds shall not lapse at the end of a fiscal year but are to be carried forward to be used to support county and regional strategies for lifelong learning, statewide excellence initiatives and research and development activities. These funds may be used to support family literacy in collaboration with family resource centers, early childhood initiatives, preschool programs, and workplace training. The fund may also provide a statewide competency-based certification for transferable skills in the workplace, and provide incentives for adults, employers, and providers to encourage adults to participate in learning activities.

The CPE will develop and implement a 20-year strategic agenda, in partnership with the Department for Adult Education and Literacy, which will lead Kentucky to a standard of living and quality of life that meets or exceeds the national average.

The Department for Adult Education and Literacy will continue to carry out the statewide mission on adult education and implement a strategy to reduce the number of adults at the lowest levels of literacy and most in need of adult education and literacy services. The Department is to be the education agency solely designated for the purpose of developing and approving the state plan required by state or federal law. In consultation with the CPE, the Department shall prepare a biennial budget consistent with the statewide mission on adult education. The Department will work with the CPE at a policy level to ensure that a comprehensive, coordinated plan is implemented and is consistent with the federal Workforce Investment Act of 1998. Services for adult education and literacy shall be targeted to communities with the greatest need, based on the number of adults functioning at low levels of literacy, along with other indicators of need.

Included in the Governor's recommended budget is an allocation from the General Fund in the amount of \$22,500 in fiscal year 2001 and \$32,700 in fiscal year 2002 for the Wage Equity Plan.

**Workforce Development
Vocational Rehabilitation**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|---|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 9,872,800 | 14,672,800 | 17,375,000 | 10,451,100 | 10,860,100 |
| Total General Fund | 9,872,800 | 14,672,800 | 17,375,000 | 10,451,100 | 10,860,100 |
| Restricted Funds | | | | | |
| Balance Forward | 616,200 | 468,700 | 446,100 | 468,700 | 446,100 |
| Current Receipts | 2,759,000 | 2,824,600 | 2,892,200 | 2,824,600 | 2,892,200 |
| Total Restricted Funds | 3,375,200 | 3,293,300 | 3,338,300 | 3,293,300 | 3,338,300 |
| Federal Funds | | | | | |
| Balance Forward | 507,600 | | | | |
| Current Receipts | 43,025,600 | 42,448,000 | 43,431,200 | 41,048,000 | 42,031,200 |
| Non-Revenue Receipts | -2,213,700 | -2,706,300 | -2,789,000 | -2,706,300 | -2,789,000 |
| Total Federal Funds | 41,319,500 | 39,741,700 | 40,642,200 | 38,341,700 | 39,242,200 |
| TOTAL SOURCE OF FUNDS | 54,567,500 | 57,707,800 | 61,355,500 | 52,086,100 | 53,440,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 21,273,800 | 22,415,100 | 23,401,900 | 22,393,400 | 23,356,800 |
| Operating Expenses | 5,164,500 | 5,281,500 | 5,409,900 | 5,281,500 | 5,409,900 |
| Grants, Loans or Benefits | 27,512,900 | 29,479,700 | 32,254,500 | 23,879,700 | 24,384,700 |
| Capital Outlay | 147,600 | 85,400 | 67,800 | 85,400 | 67,800 |
| TOTAL EXPENDITURES | 54,098,800 | 57,261,700 | 61,134,100 | 51,640,000 | 53,219,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 9,872,800 | 14,672,800 | 17,375,000 | 10,451,100 | 10,860,100 |
| Restricted Funds | 2,906,500 | 2,847,200 | 3,116,900 | 2,847,200 | 3,116,900 |
| Federal Funds | 41,319,500 | 39,741,700 | 40,642,200 | 38,341,700 | 39,242,200 |
| TOTAL EXPENDITURES | 54,098,800 | 57,261,700 | 61,134,100 | 51,640,000 | 53,219,200 |
| EXPENDITURES BY UNIT | | | | | |
| Administrative Management | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |
| Carl D. Perkins Comprehensive Rehab Center | 6,937,500 | 7,125,700 | 7,336,900 | 7,125,700 | 7,336,900 |
| Program Planning and Development | 1,323,300 | 1,365,300 | 1,406,400 | 1,365,300 | 1,406,400 |
| Program Services | 44,034,500 | 46,905,600 | 50,469,700 | 41,262,600 | 42,554,800 |
| Wage Equity | | | | 21,300 | |
| TOTAL EXPENDITURES | 54,098,800 | 57,261,700 | 61,134,100 | 51,640,000 | 53,219,200 |

The Department of Vocational Rehabilitation was created to provide for and improve the vocational rehabilitation of citizens with physical and mental disabilities to increase their social and economic well-being. The mission of the Department is to empower eligible persons with disabilities to achieve suitable employment.

The Department uses vocational assessments, counseling and guidance services to match the abilities of workers with disabilities to labor market needs. Job preparation activities may include on-the-job training, vocational or classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily.

The Department also provides services for employers. The Department prepares job-qualified applicants, conducts job analyses, recommends job modifications, and conducts disability awareness programs. Other services may include disability awareness training programs, and affirmative action planning and services to employees with disability related problems. As a result, employers experience risk reduction, save time and money spent on training new hires, and increase cash flow through access to tax incentives.

The Rehabilitation Act of 1973, as amended (29 USC§ 791 et seq.), authorizes and provides federal funding for state vocational rehabilitation programs. Kentucky Revised Statute 151B.180-210 complies with all provisions of the Acts. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Department also complies with other relevant sections of the Education Department General Administrative Regulations.

Policy

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 annually is authorized. This office space is shared by the Department of Vocational Rehabilitation, the Department for the Blind, and the Office of Training and Reemployment.

Included in the Governor's recommendation is an allocation from the General Fund in the amount of \$21,300 in fiscal year 2001 for the Wage Equity Plan.

**Workforce Development
Vocational Rehabilitation
Administrative Management**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Current Receipts | 1,999,200 | 2,070,600 | 2,136,900 | 2,070,600 | 2,136,900 |
| Non-Revenue Receipts | -195,700 | -205,500 | -215,800 | -205,500 | -215,800 |
| Total Federal Funds | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |
| TOTAL SOURCE OF FUNDS | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 1,505,500 | 1,567,100 | 1,602,100 | 1,567,100 | 1,602,100 |
| Operating Expenses | 298,000 | 298,000 | 307,000 | 298,000 | 307,000 |
| Capital Outlay | | | 12,000 | | 12,000 |
| TOTAL EXPENDITURES | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |
| TOTAL EXPENDITURES | 1,803,500 | 1,865,100 | 1,921,100 | 1,865,100 | 1,921,100 |

The Division provides all administrative, technical and budget related services for the Department and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting and federal grant accounting. The Division oversees implementation and administration of the automated case management system and coordinates the development of application programs. Staff in the Division are also responsible for records retention and maintenance of the Department's inventory records.

The Division also coordinates the recouping of program income through the Social Security Administration (SSA). This is coordinated with SSA for the reimbursement of paid vocational rehabilitation services for those individuals receiving SSI/disability benefits who have been successfully rehabilitated by the Department and have worked for nine months. The Division also negotiates on behalf of the Department and certain Community Rehabilitation Programs for the purchase of facility and community-based competitive employment outcomes and vocational evaluations. The staff then monitors the success of purchased services.

**Workforce Development
Vocational Rehabilitation
Carl D. Perkins Comprehensive Rehab Center**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 841,500 | 880,500 | 927,100 | 880,500 | 927,100 |
| Total General Fund | 841,500 | 880,500 | 927,100 | 880,500 | 927,100 |
| Restricted Funds | | | | | |
| Balance Forward | 53,900 | 51,400 | 46,100 | 51,400 | 46,100 |
| Current Receipts | 180,000 | 184,500 | 189,200 | 184,500 | 189,200 |
| Total Restricted Funds | 233,900 | 235,900 | 235,300 | 235,900 | 235,300 |
| Federal Funds | | | | | |
| Balance Forward | 15,400 | | | | |
| Current Receipts | 6,546,000 | 6,735,700 | 6,915,100 | 6,735,700 | 6,915,100 |
| Non-Revenue Receipts | -647,900 | -680,300 | -714,300 | -680,300 | -714,300 |
| Total Federal Funds | 5,913,500 | 6,055,400 | 6,200,800 | 6,055,400 | 6,200,800 |
| TOTAL SOURCE OF FUNDS | 6,988,900 | 7,171,800 | 7,363,200 | 7,171,800 | 7,363,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 5,246,200 | 5,451,300 | 5,675,300 | 5,451,300 | 5,675,300 |
| Operating Expenses | 913,200 | 935,300 | 957,600 | 935,300 | 957,600 |
| Grants, Loans or Benefits | 695,900 | 708,200 | 704,000 | 708,200 | 704,000 |
| Capital Outlay | 82,200 | 30,900 | | 30,900 | |
| TOTAL EXPENDITURES | 6,937,500 | 7,125,700 | 7,336,900 | 7,125,700 | 7,336,900 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 841,500 | 880,500 | 927,100 | 880,500 | 927,100 |
| Restricted Funds | 182,500 | 189,800 | 209,000 | 189,800 | 209,000 |
| Federal Funds | 5,913,500 | 6,055,400 | 6,200,800 | 6,055,400 | 6,200,800 |
| TOTAL EXPENDITURES | 6,937,500 | 7,125,700 | 7,336,900 | 7,125,700 | 7,336,900 |

The Carl D. Perkins Comprehensive Rehabilitation Center (CDPCRC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility located in the Eastern Kentucky Concentrated Program (EKCEP) service delivery area. The proportion of disabilities in the population of Kentucky, as analyzed by Area Development Districts (ADDs), is highest in the ADDs located in southeast Kentucky. Although the majority of referrals to the CDPCRC come from the eastern part of Kentucky, staff of the Center regularly provide services to consumers from the entire Commonwealth.

The CDPCRC's five major programs of operation (i.e. Vocational Evaluation; Work Adjustment; Vocational Training; Physical Restoration/Outpatient Medical Rehabilitation; and Brain Injury Community Re-entry) meet state of the art standards for program quality as documented by accreditation authorities for organizations serving consumers with disabilities (CARF). The CARF is the nationally recognized accreditation authority for organizations serving consumers with disabilities. The CARF standards require that accredited facilities provide consumers with timely, quality services that meet the needs of each individual. Center staff utilize CARF accreditation as a marketing tool to obtain new referrals for all programs. The Center's Outpatient Program is CORF (Comprehensive Outpatient Rehabilitation Facility) licensed.

Within these five programs the following professional services are available: comprehensive vocational assessment; vocational training; physical therapy; occupational therapy; speech therapy; nursing services; physician services; adjustment services; psychological and psychiatric services; adult therapeutic recreation; vocational rehabilitation counseling; social services; assistive technology; transportation; and administrative services. A wide range of educational programs and services including developmental math/reading/GED test preparation, and the External Diploma Program are also available. The CDPCRC offers individualized placement services through PACE (Preparing Adults for Competitive Employment) and an Employment Relations Specialist.

Policy

Included in the General Fund appropriation is a total of \$18,800 in fiscal year 2001 and \$44,700 in fiscal year 2002 to maintain current operational levels.

Included in Capital Projects Budget from the Deferred Maintenance Pool is a total of \$369,000 in fiscal year 2001 to replace the remaining faulty heating, ventilation and air conditioning equipment at the Center. These funds represent the final phase of the project.

**Workforce Development
Vocational Rehabilitation
Program Planning and Development**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 47,000 | 48,100 | 49,300 | 48,100 | 49,300 |
| Total General Fund | 47,000 | 48,100 | 49,300 | 48,100 | 49,300 |
| Restricted Funds | | | | | |
| Balance Forward | 1,200 | 11,200 | 15,100 | 11,200 | 15,100 |
| Current Receipts | 55,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Restricted Funds | 56,200 | 61,200 | 65,100 | 61,200 | 65,100 |
| Federal Funds | | | | | |
| Balance Forward | 343,300 | | | | |
| Current Receipts | 958,000 | 1,344,600 | 1,387,000 | 1,344,600 | 1,387,000 |
| Non-Revenue Receipts | -70,000 | -73,500 | -77,100 | -73,500 | -77,100 |
| Total Federal Funds | 1,231,300 | 1,271,100 | 1,309,900 | 1,271,100 | 1,309,900 |
| TOTAL SOURCE OF FUNDS | 1,334,500 | 1,380,400 | 1,424,300 | 1,380,400 | 1,424,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 582,600 | 650,300 | 680,700 | 650,300 | 680,700 |
| Operating Expenses | 230,400 | 236,000 | 241,700 | 236,000 | 241,700 |
| Grants, Loans or Benefits | 510,300 | 479,000 | 484,000 | 479,000 | 484,000 |
| TOTAL EXPENDITURES | 1,323,300 | 1,365,300 | 1,406,400 | 1,365,300 | 1,406,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 47,000 | 48,100 | 49,300 | 48,100 | 49,300 |
| Restricted Funds | 45,000 | 46,100 | 47,200 | 46,100 | 47,200 |
| Federal Funds | 1,231,300 | 1,271,100 | 1,309,900 | 1,271,100 | 1,309,900 |
| TOTAL EXPENDITURES | 1,323,300 | 1,365,300 | 1,406,400 | 1,365,300 | 1,406,400 |

The Rehabilitation Act of 1973, as amended, provides statutory and regulatory authority for the Vocational Rehabilitation Program. Program Planning and Development provides administrative and staff functions to enhance equitable, efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving federal funds. State plans, administrative regulations and policy development are housed in Planning and Development. Strategic, long-range planning addresses the economic and public policy needs of the identified 346,000 Kentuckians of working age with disabilities who are unemployed, as well as the more than 60,000 children with severe disabilities who will soon enter the vocational rehabilitation service delivery system.

**Workforce Development
Vocational Rehabilitation
Program Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 8,984,300 | 13,744,200 | 16,398,600 | 9,501,200 | 9,883,700 |
| Total General Fund | 8,984,300 | 13,744,200 | 16,398,600 | 9,501,200 | 9,883,700 |
| Restricted Funds | | | | | |
| Balance Forward | 561,100 | 406,100 | 384,900 | 406,100 | 384,900 |
| Current Receipts | 2,524,000 | 2,590,100 | 2,653,000 | 2,590,100 | 2,653,000 |
| Total Restricted Funds | 3,085,100 | 2,996,200 | 3,037,900 | 2,996,200 | 3,037,900 |
| Federal Funds | | | | | |
| Balance Forward | 148,900 | | | | |
| Current Receipts | 33,522,400 | 32,297,100 | 32,992,200 | 30,897,100 | 31,592,200 |
| Non-Revenue Receipts | -1,300,100 | -1,747,000 | -1,781,800 | -1,747,000 | -1,781,800 |
| Total Federal Funds | 32,371,200 | 30,550,100 | 31,210,400 | 29,150,100 | 29,810,400 |
| TOTAL SOURCE OF FUNDS | 44,440,600 | 47,290,500 | 50,646,900 | 41,647,500 | 42,732,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 13,939,500 | 14,746,400 | 15,443,800 | 14,703,400 | 15,398,700 |
| Operating Expenses | 3,722,900 | 3,812,200 | 3,903,600 | 3,812,200 | 3,903,600 |
| Grants, Loans or Benefits | 26,306,700 | 28,292,500 | 31,066,500 | 22,692,500 | 23,196,700 |
| Capital Outlay | 65,400 | 54,500 | 55,800 | 54,500 | 55,800 |
| TOTAL EXPENDITURES | 44,034,500 | 46,905,600 | 50,469,700 | 41,262,600 | 42,554,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 8,984,300 | 13,744,200 | 16,398,600 | 9,501,200 | 9,883,700 |
| Restricted Funds | 2,679,000 | 2,611,300 | 2,860,700 | 2,611,300 | 2,860,700 |
| Federal Funds | 32,371,200 | 30,550,100 | 31,210,400 | 29,150,100 | 29,810,400 |
| TOTAL EXPENDITURES | 44,034,500 | 46,905,600 | 50,469,700 | 41,262,600 | 42,554,800 |

The Program Services unit provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities to enable them to achieve suitable employment. Program Services is responsible for the actual intake and client service delivery efforts of the Department and performs certain administration functions.

The Division implements the federal Rehabilitation Act of 1973, as amended, and must make available services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock, and supplies; and other goods and services needed for employment.

Policy

The Executive Budget includes General Funds for grants in the amount of \$350,000 in fiscal year 2001 and \$525,200 in fiscal year 2002 for direct client services. Restricted funds in the amount of \$500,000 are also recommended for the current fiscal year. Restricted funds totaling \$200,000 in fiscal year 2001 and \$205,000 in fiscal year 2002 is also provided for grant expenditures. These restricted funds represent increased Social Security reimbursements that have been generated by providing incentives to counselors for placing Social Security disabled recipients into competitive employment. These restricted funds will also be used exclusively for direct client services.

**Workforce Development
Department for the Blind**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,131,100 | 2,571,400 | 2,546,400 | 2,078,100 | 1,748,100 |
| Total General Fund | 2,131,100 | 2,571,400 | 2,546,400 | 2,078,100 | 1,748,100 |
| Restricted Funds | | | | | |
| Balance Forward | 922,400 | 279,800 | 168,100 | 279,800 | 168,100 |
| Current Receipts | 1,364,400 | 1,366,600 | 1,368,800 | 1,366,600 | 1,368,800 |
| Non-Revenue Receipts | -2,600 | -2,600 | -2,600 | -2,600 | -2,600 |
| Total Restricted Funds | 2,284,200 | 1,643,800 | 1,534,300 | 1,643,800 | 1,534,300 |
| Federal Funds | | | | | |
| Balance Forward | 438,500 | | | | |
| Current Receipts | 7,087,300 | 7,430,700 | 7,704,600 | 7,430,700 | 7,704,600 |
| Non-Revenue Receipts | -318,300 | -198,800 | -202,200 | -198,800 | -202,200 |
| Total Federal Funds | 7,207,500 | 7,231,900 | 7,502,400 | 7,231,900 | 7,502,400 |
| TOTAL SOURCE OF FUNDS | 11,622,800 | 11,447,100 | 11,583,100 | 10,953,800 | 10,784,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 6,065,300 | 6,053,000 | 6,251,700 | 5,965,700 | 6,159,400 |
| Operating Expenses | 1,287,900 | 1,404,400 | 1,406,500 | 1,304,400 | 1,306,500 |
| Grants, Loans or Benefits | 3,989,800 | 3,808,600 | 3,813,800 | 3,502,600 | 3,207,800 |
| Capital Outlay | | 13,000 | 13,000 | 13,000 | 13,000 |
| TOTAL EXPENDITURES | 11,343,000 | 11,279,000 | 11,485,000 | 10,785,700 | 10,686,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 2,131,100 | 2,571,400 | 2,546,400 | 2,078,100 | 1,748,100 |
| Restricted Funds | 2,004,400 | 1,475,700 | 1,436,200 | 1,475,700 | 1,436,200 |
| Federal Funds | 7,207,500 | 7,231,900 | 7,502,400 | 7,231,900 | 7,502,400 |
| TOTAL EXPENDITURES | 11,343,000 | 11,279,000 | 11,485,000 | 10,785,700 | 10,686,700 |
| EXPENDITURES BY UNIT | | | | | |
| Assistive Technology Service | 430,500 | 379,700 | 367,200 | 379,700 | 367,200 |
| Business Enterprise Program | 851,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |
| Industries for the Blind | 1,377,900 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| Center for Independent Living | 601,900 | 660,500 | 687,900 | 577,900 | 601,400 |
| General Blind Services | 8,081,700 | 8,193,100 | 8,452,700 | 8,173,900 | 8,431,900 |
| Wage Equity | | | | 8,500 | 9,000 |
| TOTAL EXPENDITURES | 11,343,000 | 11,279,000 | 11,485,000 | 10,785,700 | 10,686,700 |

Pursuant to KRS 163.470, and the Vocational Rehabilitation Act of 1973, the Department provides a wide array of services to assist individuals with severe visual disabilities in preparing for and obtaining employment. The 1998 amendments to the federal Act placed emphasis on quality employment outcomes. The Department provides services to approximately 1500 individuals with severe visual impairments so that they can receive the education and specialized training services needed to become independent and self-sufficient in the workplace.

Since its creation 20 years ago, the Department has provided for and improved the vocational rehabilitation of blind and visually impaired Kentuckians. Departmental staff perform vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and

job placement services. The Department accomplishes this mission through the following avenues:

- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a comprehensive rehabilitation facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Department operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Policy

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 annually is authorized. This office space is shared by the Department for the Blind, the Department of Vocational Rehabilitation, and the Office of Training and Reemployment.

Included in the Governor's Recommendation is an allocation from the General Fund in the amount of \$8,500 in fiscal year 2001 and \$9,000 in fiscal year 2002 for the Wage Equity Plan.

**Workforce Development
Department for the Blind
Assistive Technology Service**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 |
| Total Restricted Funds | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 |
| Federal Funds | | | | | |
| Current Receipts | 433,600 | 382,800 | 370,300 | 382,800 | 370,300 |
| Non-Revenue Receipts | -3,100 | -3,100 | -3,100 | -3,100 | -3,100 |
| Total Federal Funds | 430,500 | 379,700 | 367,200 | 379,700 | 367,200 |
| TOTAL SOURCE OF FUNDS | 436,300 | 385,500 | 373,000 | 385,500 | 373,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 133,800 | 142,300 | 149,600 | 142,300 | 149,600 |
| Operating Expenses | 38,200 | 39,300 | 40,300 | 39,300 | 40,300 |
| Grants, Loans or Benefits | 258,500 | 198,100 | 177,300 | 198,100 | 177,300 |
| TOTAL EXPENDITURES | 430,500 | 379,700 | 367,200 | 379,700 | 367,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 430,500 | 379,700 | 367,200 | 379,700 | 367,200 |
| TOTAL EXPENDITURES | 430,500 | 379,700 | 367,200 | 379,700 | 367,200 |

The Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within its lead agency, the Department for the Blind. It is a statewide collaborative system of consumer-oriented organizations with the mission of making systemic changes and providing services resulting in improvements in the provision of assistive technologies to Kentucky citizens with any type of disability and of any age. This program implements the Assistive Technology Act of 1998 (PL 105-394) which has replaced the former Technology-Related Assistance for Individuals With Disabilities Act of 1988 (PL 100-407), as amended in 1994 (PL 103-218).

In addition to the state staff of the Coordinating Center in Louisville, there are six Assistive Technology Resource Centers in Kentucky located in Louisville, Ft. Mitchell, Murray, Thelma and Corbin. The activities of these centers include: technical assistance; system analysis; service delivery; development of curricula/training materials, training, needs assessment, and evaluation; loans of assistive technology devices to consumers; information and referral services, and capacity building. Consumers represent a majority of the KATS Network Advisory Board membership.

Kentucky was among the first nine states funded under the former Tech Act. Tech Act projects have been established in every state and in four United States Territories.

The amount of annual awards to individual states under the Tech Act are determined by formula as administered by the Secretary of the U.S. Department of Education and the National Institute on Disability and Rehabilitation Research (NIDRR). The Assistive Technology Act of 1998 will provide the Kentucky Tech Act Project with three years funding.

**Workforce Development
Department for the Blind
Business Enterprise Program**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | | 100,000 | 100,000 | | |
| Total General Fund | | 100,000 | 100,000 | | |
| Restricted Funds | | | | | |
| Balance Forward | 71,500 | 36,000 | | 36,000 | |
| Current Receipts | 815,500 | 817,700 | 819,900 | 817,700 | 819,900 |
| Total Restricted Funds | 887,000 | 853,700 | 819,900 | 853,700 | 819,900 |
| Federal Funds | | | | | |
| Current Receipts | | 34,000 | 98,700 | 34,000 | 98,700 |
| Total Federal Funds | | 34,000 | 98,700 | 34,000 | 98,700 |
| TOTAL SOURCE OF FUNDS | 887,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 497,000 | 527,600 | 554,500 | 527,600 | 554,500 |
| Operating Expenses | 260,500 | 363,800 | 364,900 | 263,800 | 264,900 |
| Grants, Loans or Benefits | 93,500 | 96,300 | 99,200 | 96,300 | 99,200 |
| TOTAL EXPENDITURES | 851,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | | 100,000 | 100,000 | | |
| Restricted Funds | 851,000 | 853,700 | 819,900 | 853,700 | 819,900 |
| Federal Funds | | 34,000 | 98,700 | 34,000 | 98,700 |
| TOTAL EXPENDITURES | 851,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |
| EXPENDITURES BY UNIT | | | | | |
| Interstate Vending Program | 851,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |
| TOTAL EXPENDITURES | 851,000 | 987,700 | 1,018,600 | 887,700 | 918,600 |

Pursuant to KRS 163.470(12) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed visually impaired merchants who are appointed to operate the facilities. This program provides management services and training to visually impaired individuals, identifies and develops new sites suitable for vending facilities and repairs and replaces equipment in existing vending facilities.

The Department for the Blind receives a commission based upon the percentage of gross sales from vending operations located in all interstate highway rest areas. The visually impaired merchants contribute five percent of their net income to the Department. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprise

**Workforce Development
Department for the Blind
Industries for the Blind**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 961,000 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| Total General Fund | 961,000 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| Restricted Funds | | | | | |
| Balance Forward | 416,900 | | | | |
| Total Restricted Funds | 416,900 | | | | |
| TOTAL SOURCE OF FUNDS | 1,377,900 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 449,200 | 99,400 | | 99,400 | |
| Grants, Loans or Benefits | 928,700 | 958,600 | 958,600 | 658,600 | 358,600 |
| TOTAL EXPENDITURES | 1,377,900 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 961,000 | 1,058,000 | 958,600 | 758,000 | 358,600 |
| Restricted Funds | 416,900 | | | | |
| TOTAL EXPENDITURES | 1,377,900 | 1,058,000 | 958,600 | 758,000 | 358,600 |

As mandated by KRS 163.470, the Kentucky Industries for the Blind (KIB) will transition to a not-for-profit entity on June 30, 2000. On June 30, 2000, 18 state employees employed at Kentucky Industries for the Blind will leave the state payroll and become employees of the not for profit entity.

Kentucky Industries for the Blind currently provides job placement, on-the-job training, work experience and work adjustment services for the Department for the Blind consumers. As a state supported unit of the Department, the cost associated with these services was part of the state appropriation. Upon July 1, 2000 KIB will transition to a private not-for-profit entity. The Department will then be required to purchase these services from KIB or another vendor. The Department is projecting KIB will serve 15 Department for the Blind consumers in each year of the biennium.

Policy

The Executive Budget provides additional General Fund support totaling \$600,000 in fiscal year 2001 and \$300,000 in fiscal year 2002 to help enable the successful transitioning of this entity to a non-profit operation.

**Workforce Development
Department for the Blind
Center for Independent Living**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 179,000 | 265,900 | 274,200 | 183,300 | 187,700 |
| Total General Fund | 179,000 | 265,900 | 274,200 | 183,300 | 187,700 |
| Restricted Funds | | | | | |
| Balance Forward | 11,700 | 9,100 | | 9,100 | |
| Current Receipts | 131,900 | 114,300 | 117,700 | 114,300 | 117,700 |
| Non-Revenue Receipts | -2,600 | -2,600 | -2,600 | -2,600 | -2,600 |
| Total Restricted Funds | 141,000 | 120,800 | 115,100 | 120,800 | 115,100 |
| Federal Funds | | | | | |
| Balance Forward | 29,600 | | | | |
| Current Receipts | 262,200 | 274,600 | 299,400 | 274,600 | 299,400 |
| Non-Revenue Receipts | -800 | -800 | -800 | -800 | -800 |
| Total Federal Funds | 291,000 | 273,800 | 298,600 | 273,800 | 298,600 |
| TOTAL SOURCE OF FUNDS | 611,000 | 660,500 | 687,900 | 577,900 | 601,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 460,700 | 490,600 | 516,000 | 414,000 | 435,500 |
| Operating Expenses | 24,000 | 36,100 | 36,100 | 36,100 | 36,100 |
| Grants, Loans or Benefits | 117,200 | 133,800 | 135,800 | 127,800 | 129,800 |
| TOTAL EXPENDITURES | 601,900 | 660,500 | 687,900 | 577,900 | 601,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 179,000 | 265,900 | 274,200 | 183,300 | 187,700 |
| Restricted Funds | 131,900 | 120,800 | 115,100 | 120,800 | 115,100 |
| Federal Funds | 291,000 | 273,800 | 298,600 | 273,800 | 298,600 |
| TOTAL EXPENDITURES | 601,900 | 660,500 | 687,900 | 577,900 | 601,400 |

Pursuant to KRS 163.470 and Title VII of the Rehabilitation Act, as amended in 1992, independent living specialists located in regional offices provide short-term, individualized instruction at the home or worksite for individuals who are blind so they may be able to function independently. Services include information, counseling, and skills training in activities of daily living. Mobility training, assistive devices, referrals to community resources in housing and transportation, and information on services offered by other agencies are provided. The service population consists mainly of individuals who are elderly or unable to work due to the severity of disabilities.

The Department employs nine independent living specialists who are located throughout the state. The average caseload for an independent living specialist is currently 150 new cases annually. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

The most recent needs assessment which was performed by the Department indicates that Kentucky has one of the highest prevalence rates of blindness in the country. Diabetes is one reason; lack of knowledge is another. Currently, it is estimated that there are over 30,000 older blind and visually impaired Kentuckians. Over 60 percent of blind persons are 60 years of age and older. The population of the Independent Living program makes up two-thirds of the blind population in the State.

**Workforce Development
Department for the Blind
General Blind Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 991,100 | 1,147,500 | 1,213,600 | 1,128,300 | 1,192,800 |
| Total General Fund | 991,100 | 1,147,500 | 1,213,600 | 1,128,300 | 1,192,800 |
| Restricted Funds | | | | | |
| Balance Forward | 416,500 | 228,900 | 162,300 | 228,900 | 162,300 |
| Current Receipts | 417,000 | 434,600 | 431,200 | 434,600 | 431,200 |
| Total Restricted Funds | 833,500 | 663,500 | 593,500 | 663,500 | 593,500 |
| Federal Funds | | | | | |
| Balance Forward | 408,900 | | | | |
| Current Receipts | 6,391,500 | 6,739,300 | 6,936,200 | 6,739,300 | 6,936,200 |
| Non-Revenue Receipts | -314,400 | -194,900 | -198,300 | -194,900 | -198,300 |
| Total Federal Funds | 6,486,000 | 6,544,400 | 6,737,900 | 6,544,400 | 6,737,900 |
| TOTAL SOURCE OF FUNDS | 8,310,600 | 8,355,400 | 8,545,000 | 8,336,200 | 8,524,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 4,524,600 | 4,793,100 | 5,031,600 | 4,773,900 | 5,010,800 |
| Operating Expenses | 965,200 | 965,200 | 965,200 | 965,200 | 965,200 |
| Grants, Loans or Benefits | 2,591,900 | 2,421,800 | 2,442,900 | 2,421,800 | 2,442,900 |
| Capital Outlay | | 13,000 | 13,000 | 13,000 | 13,000 |
| TOTAL EXPENDITURES | 8,081,700 | 8,193,100 | 8,452,700 | 8,173,900 | 8,431,900 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 991,100 | 1,147,500 | 1,213,600 | 1,128,300 | 1,192,800 |
| Restricted Funds | 604,600 | 501,200 | 501,200 | 501,200 | 501,200 |
| Federal Funds | 6,486,000 | 6,544,400 | 6,737,900 | 6,544,400 | 6,737,900 |
| TOTAL EXPENDITURES | 8,081,700 | 8,193,100 | 8,452,700 | 8,173,900 | 8,431,900 |

Pursuant to KRS 163.470 (11) and 782 KAR 1:020-050 and the Federal Rehabilitation Act of 1973, the mission of the General Blind Services program is to provide vocational rehabilitation to individuals with severe visual disabilities which will result in gainful employment in integrated settings. The program consists of the Division of Client Services with ten statewide offices, where qualified staff provide services in vocational counseling, evaluation, physical and mental restoration, college and vocational training, rehabilitation teaching, prescriptive adaptive devices, rehabilitation technology, job placement and other services which enable individuals to be productive in the workplace.

Within the General Blind Services program is budgeted the Charles McDowell Comprehensive Rehabilitation Center for the Blind and the Volunteer Recording Program. The Charles McDowell Comprehensive Rehabilitation Center for the Blind, located in Louisville is a comprehensive rehabilitation facility that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility, Braille, assistive technology, career assessment, vocational planning, work adjustment and work experience. The volunteer recording program in Lexington and Paducah provides audio-recorded materials needed by individuals throughout the state in vocational training.

Policy

General Fund support totaling \$133,400 in fiscal year 2001 and \$179,400 in fiscal year 2002 is provided in each fiscal year to maintain federal fund match requirements for grant expenditures.

**Workforce Development
State Board for Proprietary Education**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 182,600 | 195,100 | 204,000 | 195,100 | 204,000 |
| Current Receipts | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| Total Restricted Funds | 307,600 | 320,100 | 329,000 | 320,100 | 329,000 |
| TOTAL SOURCE OF FUNDS | 307,600 | 320,100 | 329,000 | 320,100 | 329,000 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 96,800 | 100,400 | 103,700 | 100,400 | 103,700 |
| Operating Expenses | 15,700 | 15,700 | 15,700 | 15,700 | 15,700 |
| TOTAL EXPENDITURES | 112,500 | 116,100 | 119,400 | 116,100 | 119,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 112,500 | 116,100 | 119,400 | 116,100 | 119,400 |
| TOTAL EXPENDITURES | 112,500 | 116,100 | 119,400 | 116,100 | 119,400 |

The State Board for Proprietary Education, consisting of 12 members appointed by the Governor, was created to administer and enforce the provisions of KRS 165A. Its primary function is to monitor the needs of the consumer public with regard to services provided by privately owned educational institutions offering instruction in business, trade, technical, industrial, or related areas. It has the responsibility to conduct formal hearings and to prosecute, if necessary, schools that have not maintained and adhered to the standards of operation set forth in KRS 165A. The Board also administers a student protection fund for those students affected by the closing of such institutions.

**Workforce Development
Teacher Retirement Employer Contribution Match**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| Total General Fund | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| TOTAL SOURCE OF FUNDS | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| TOTAL EXPENDITURES | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |
| TOTAL EXPENDITURES | 4,530,500 | 4,639,200 | 4,750,600 | 4,639,200 | 4,750,600 |

Kentucky Revised Statute (KRS) 161.550 requires each employer to contribute to the Teachers' Retirement System an amount equal to that contributed by its employees who are members of the System. For those Workforce Development Cabinet employees who are Teachers' Retirement System members, the contribution is 9.855 percent of salary. Additionally, each employer is required to pay a 3.25 percent overmatch to defray the System's unfunded liability.

The above General Fund appropriation includes the employer match for salaries paid to teachers and other Cabinet employees who participate in the System. This match will be forwarded to the Teachers' Retirement System pursuant to the provisions of KRS 161.550.

**Workforce Development
Training and Reemployment**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Current Receipts | 67,500 | 67,500 | 51,500 | 67,500 | 51,500 |
| Total Restricted Funds | 67,500 | 67,500 | 51,500 | 67,500 | 51,500 |
| Federal Funds | | | | | |
| Current Receipts | 51,522,500 | 62,835,900 | 58,831,700 | 62,835,900 | 58,831,700 |
| Non-Revenue Receipts | -161,400 | -67,700 | -69,700 | -67,700 | -69,700 |
| Total Federal Funds | 51,361,100 | 62,768,200 | 58,762,000 | 62,768,200 | 58,762,000 |
| TOTAL SOURCE OF FUNDS | 51,428,600 | 62,835,700 | 58,813,500 | 62,835,700 | 58,813,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 1,682,800 | 1,784,100 | 1,833,600 | 1,784,100 | 1,833,600 |
| Operating Expenses | 479,300 | 497,800 | 525,100 | 497,800 | 525,100 |
| Grants, Loans or Benefits | 49,266,500 | 60,553,800 | 56,454,800 | 60,553,800 | 56,454,800 |
| TOTAL EXPENDITURES | 51,428,600 | 62,835,700 | 58,813,500 | 62,835,700 | 58,813,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 67,500 | 67,500 | 51,500 | 67,500 | 51,500 |
| Federal Funds | 51,361,100 | 62,768,200 | 58,762,000 | 62,768,200 | 58,762,000 |
| TOTAL EXPENDITURES | 51,428,600 | 62,835,700 | 58,813,500 | 62,835,700 | 58,813,500 |

On August 7, 1998, Congress passed the Workforce Investment Act of 1998 (Public Law 105-220) to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States, and for other purposes. Key components of this reform include streamlining services through One-Stop service delivery; empowering individuals through information and access to training resources through Individual Training Accounts; providing universal access to core services; increasing accountability for results; ensuring a strong role for local boards and the private sector in the workforce investment system; facilitating state and local flexibility; and improving youth services.

This legislation effectively brought an end to the Job Training Partnership Act. Kentucky was one of the first states to implement the new law July 1, 1999. In keeping with the Office of Training and Reemployment's (OTR) original purpose, the Office was designated to assume the role of administrative entity for the Title I program funded under the Act.

To carry out the mandates of the new federal law, OTR has been reorganized by Executive Order 99-1722 effective December 28, 1999 as follows:

- The Financial and Program Operations branch is primarily responsible for the day-to-day program operation of the Workforce Investment Act (WIA) and providing technical assistance to the local workforce development areas that administer WIA. The branch ensures compliance with the overall financial management functions required by WIA.
- The Program Compliance branch is responsible for conducting oversight and monitoring of Title I of WIA and related activities. This includes developing, making annual on-site monitoring reviews of local areas' compliance with uniform administrative standards, the Act and regulations, and to assure funds are spent in accordance with the Act.
- The Program Support branch supports the WIA programs for which OTR is responsible, including local board certification, development and issuance of eligibility policies, development and maintenance of a statewide training provider list, implementation of a mandated and optional performance management system, and the development of a Management Information System (MIS).

The Workforce Investment Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

- Of the total adult funds received by the state, 85 percent of the funds are allocated to Kentucky's 11 Workforce Investment Areas, ten percent of the funds are reserved for statewide programs, and five percent is retained for state administrative functions.
- Of the total dislocated worker funds received by the state, 60 percent of the funds are allocated to Kentucky's 11 Workforce Investment Areas, 25 percent of the funds are reserved for State Rapid Response activities, ten percent of the funds are reserved for statewide programs, and five percent is retained for state administrative functions
- Of the youth funds received by the State, 85 percent of the funds are allocated to Kentucky's 11 Workforce Investment Areas, ten percent of the funds are reserved for statewide programs, and five percent is retained for State administrative functions.

Policy

Additional restricted funds totaling \$50,000 are provided in the current fiscal year to perform certain administrative functions of the Welfare-to-Work (WtW) block grant programs. Additional restricted funds totaling \$50,000 in fiscal year 2001 and \$34,000 in fiscal year 2002 are also provided for this initiative. The OTR provides technical assistance to the Cabinet for Families and Children for implementation and on-going operations of the WtW formula grant program, including the development of a statewide financial monitoring process that comports with the U.S. Department of Labor's monitoring guide for formula grant funding.

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 is authorized. This office space is shared by the Office of Training and Reemployment, the Department for the Blind, and the Department of Vocational Rehabilitation.

**Workforce Development
Employment Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Total General Fund | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Restricted Funds | | | | | |
| Balance Forward | 107,500 | | | | |
| Current Receipts | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 |
| Non-Revenue Receipts | 8,592,000 | 13,349,300 | 10,636,600 | 13,349,300 | 10,636,600 |
| Total Restricted Funds | 9,894,900 | 14,544,700 | 11,832,000 | 14,544,700 | 11,832,000 |
| Federal Funds | | | | | |
| Balance Forward | 2,226,600 | | | | |
| Current Receipts | 309,225,000 | 306,878,300 | 307,203,500 | 306,878,300 | 307,203,500 |
| Non-Revenue Receipts | -3,000,000 | -2,651,100 | -2,730,600 | -2,651,100 | -2,730,600 |
| Total Federal Funds | 308,451,600 | 304,227,200 | 304,472,900 | 304,227,200 | 304,472,900 |
| TOTAL SOURCE OF FUNDS | 318,945,600 | 319,385,400 | 316,933,100 | 319,385,400 | 316,933,100 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 37,356,000 | 38,489,700 | 35,395,400 | 38,489,700 | 35,395,400 |
| Operating Expenses | 10,704,100 | 12,703,800 | 13,640,000 | 12,703,800 | 13,640,000 |
| Grants, Loans or Benefits | 270,010,500 | 267,981,900 | 267,897,700 | 267,981,900 | 267,897,700 |
| Capital Outlay | 875,000 | 210,000 | | 210,000 | |
| TOTAL EXPENDITURES | 318,945,600 | 319,385,400 | 316,933,100 | 319,385,400 | 316,933,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Restricted Funds | 9,894,900 | 14,544,700 | 11,832,000 | 14,544,700 | 11,832,000 |
| Federal Funds | 308,451,600 | 304,227,200 | 304,472,900 | 304,227,200 | 304,472,900 |
| TOTAL EXPENDITURES | 318,945,600 | 319,385,400 | 316,933,100 | 319,385,400 | 316,933,100 |
| EXPENDITURES BY UNIT | | | | | |
| Employer and Placement Services | 18,267,400 | 16,656,800 | 16,720,200 | 16,656,800 | 16,720,200 |
| Special Programs | 7,645,500 | 5,263,000 | 5,248,900 | 5,263,000 | 5,248,900 |
| Unemployment Insurance | 285,918,600 | 286,316,300 | 286,527,400 | 286,316,300 | 286,527,400 |
| Service Capacity Upgrade | 7,114,100 | 11,149,300 | 8,436,600 | 11,149,300 | 8,436,600 |
| TOTAL EXPENDITURES | 318,945,600 | 319,385,400 | 316,933,100 | 319,385,400 | 316,933,100 |

The Department for Employment Services (DES) was created to administer federally funded programs that provide employment related services to the citizens of Kentucky. The DES provides a wide array of high quality, professional services to employers, job seekers, and the unemployed, which result in economic stability for the individual and further the economic well-being of the Commonwealth. These services include employment counseling, testing, assessment, job search assistance and placement services to all citizens as well as training programs for dislocated workers, and other individuals who are economically disadvantaged.

The majority of the programs in the Department are funded by federal grants, with the principle revenue source derived from the Unemployment Insurance (UI) program, and the Employment Services (ES) program. The Department's operating and capital funding for the two programs is provided by the federal government through the employer-paid Federal Unemployment Tax (FUTA).

The Department also receives funds to administer several smaller programs that are related to UI and ES, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, Alien Farmworker Housing Inspections, and Temporary Assistance for Needy Families (TANF). The DES administers training programs under the Trade Adjustment Assistance Program, Title I of the recently enacted Workforce Investment Act, and the North American Free Trade Agreement-Transitional Adjustment Assistance/Transitional Readjustment Allowances Programs. These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own, and to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

The Department is also responsible for assessing and collecting taxes from employers to distribute benefits to those who qualify for unemployment compensation.

Policy

The Executive Budget provides that, of the federal funds made available under Section 903 of the Social Security Act, as amended, an amount totaling \$1,000,000 may be used by the Department during the 2000-2002 biennium for the purpose of administering its unemployment compensation law and public employment offices.

**Workforce Development
Employment Services
Employer and Placement Services**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Total General Fund | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Restricted Funds | | | | | |
| Balance Forward | 11,700 | | | | |
| Non-Revenue Receipts | 1,488,300 | 500,000 | 500,000 | 500,000 | 500,000 |
| Total Restricted Funds | 1,500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Federal Funds | | | | | |
| Balance Forward | 68,300 | | | | |
| Current Receipts | 17,253,500 | 16,525,000 | 16,605,300 | 16,525,000 | 16,605,300 |
| Non-Revenue Receipts | -1,153,500 | -981,700 | -1,013,300 | -981,700 | -1,013,300 |
| Total Federal Funds | 16,168,300 | 15,543,300 | 15,592,000 | 15,543,300 | 15,592,000 |
| TOTAL SOURCE OF FUNDS | 18,267,400 | 16,656,800 | 16,720,200 | 16,656,800 | 16,720,200 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 12,916,500 | 12,238,500 | 12,401,500 | 12,238,500 | 12,401,500 |
| Operating Expenses | 2,850,900 | 1,971,700 | 1,891,700 | 1,971,700 | 1,891,700 |
| Grants, Loans or Benefits | 2,500,000 | 2,446,600 | 2,427,000 | 2,446,600 | 2,427,000 |
| TOTAL EXPENDITURES | 18,267,400 | 16,656,800 | 16,720,200 | 16,656,800 | 16,720,200 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 599,100 | 613,500 | 628,200 | 613,500 | 628,200 |
| Restricted Funds | 1,500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Federal Funds | 16,168,300 | 15,543,300 | 15,592,000 | 15,543,300 | 15,592,000 |
| TOTAL EXPENDITURES | 18,267,400 | 16,656,800 | 16,720,200 | 16,656,800 | 16,720,200 |
| EXPENDITURES BY UNIT | | | | | |
| Job Placement Services | 12,526,100 | 10,903,100 | 10,895,900 | 10,903,100 | 10,895,900 |
| Special Employment Services | 4,284,200 | 4,234,100 | 4,231,300 | 4,234,100 | 4,231,300 |
| Employment Information Support | 1,457,100 | 1,519,600 | 1,593,000 | 1,519,600 | 1,593,000 |
| TOTAL EXPENDITURES | 18,267,400 | 16,656,800 | 16,720,200 | 16,656,800 | 16,720,200 |

The objective of the Employer and Placement Services program is two-fold. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers to obtain qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement for any persons needing such services.

**Workforce Development
Employment Services
Special Programs**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 85,400 | | | | |
| Current Receipts | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 |
| Total Restricted Funds | 1,280,800 | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 |
| Federal Funds | | | | | |
| Balance Forward | 307,300 | | | | |
| Current Receipts | 6,365,800 | 4,320,000 | 4,320,000 | 4,320,000 | 4,320,000 |
| Non-Revenue Receipts | -308,400 | -252,400 | -266,500 | -252,400 | -266,500 |
| Total Federal Funds | 6,364,700 | 4,067,600 | 4,053,500 | 4,067,600 | 4,053,500 |
| TOTAL SOURCE OF FUNDS | 7,645,500 | 5,263,000 | 5,248,900 | 5,263,000 | 5,248,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 3,550,400 | 3,313,500 | 3,389,000 | 3,313,500 | 3,389,000 |
| Operating Expenses | 733,600 | 563,200 | 538,200 | 563,200 | 538,200 |
| Grants, Loans or Benefits | 3,361,500 | 1,386,300 | 1,321,700 | 1,386,300 | 1,321,700 |
| TOTAL EXPENDITURES | 7,645,500 | 5,263,000 | 5,248,900 | 5,263,000 | 5,248,900 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | 1,280,800 | 1,195,400 | 1,195,400 | 1,195,400 | 1,195,400 |
| Federal Funds | 6,364,700 | 4,067,600 | 4,053,500 | 4,067,600 | 4,053,500 |
| TOTAL EXPENDITURES | 7,645,500 | 5,263,000 | 5,248,900 | 5,263,000 | 5,248,900 |
| EXPENDITURES BY UNIT | | | | | |
| Welfare Reform | 85,400 | | | | |
| Workforce Investment Act | 5,231,900 | 1,195,400 | 1,195,400 | 5,263,000 | 5,248,900 |
| Special Programs | 2,328,200 | | | | |
| TOTAL EXPENDITURES | 7,645,500 | 1,195,400 | 1,195,400 | 5,263,000 | 5,248,900 |

The Special Projects Program covers three contractual programs which are offered by the Department for Employment Services.

On July 1, 1999, Kentucky began implementation of the Workforce Investment Act (WIA). Under Title I of WIA, dislocated worker services are a required program and funds to support these services are allocated to 11 workforce investment areas across the state. In two of the areas the administrative entity has contracted with the Department to provide a full range of applicant services to dislocated workers.

The Department for Employment Services receives funding from the U.S. Department of Labor under a National Reserve Grant to provide services to dislocated workers from the garment industry. This grant was funded in 1998 and continues through June 30, 2000. The grant was written to serve affected garment workers whose jobs were impacted by foreign trade. Under this grant, the Department provides assessment, counseling, testing, brokers for retraining, and assists in job placement to eligible dislocated workers.

The Department contracts with the Cabinet for Families and Children (CFC) to implement a strategy and program to help adult Kentuckians transition from welfare dependency to long term self-sufficiency.

The Department performs an employment assessment on each participant referred by CFC, Department for Community-Based Services, to determine need and skills. An "Employability Development Plan" is created which includes an employment goal and a series of activities necessary to reach that goal, including high school and equivalency programs, basic and remedial education, work readiness activities, and job skills training.

Policy

The Executive Budget includes \$4,067,600 in fiscal year 2001 and \$4,053,500 in fiscal year 2002 in federal funds through contract with the Cabinet for Families and Children to provide employment and training opportunities for individuals receiving assistance from Temporary Assistance for Needy Families (TANF).

**Workforce Development
Employment Services
Unemployment Insurance**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|---------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Non-Revenue Receipts | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Total Restricted Funds | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Federal Funds | | | | | |
| Balance Forward | 1,851,000 | | | | |
| Current Receipts | 285,605,700 | 286,033,300 | 286,278,200 | 286,033,300 | 286,278,200 |
| Non-Revenue Receipts | -1,538,100 | -1,417,000 | -1,450,800 | -1,417,000 | -1,450,800 |
| Total Federal Funds | 285,918,600 | 284,616,300 | 284,827,400 | 284,616,300 | 284,827,400 |
| TOTAL SOURCE OF FUNDS | 285,918,600 | 286,316,300 | 286,527,400 | 286,316,300 | 286,527,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 15,800,400 | 16,556,000 | 16,618,700 | 16,556,000 | 16,618,700 |
| Operating Expenses | 5,194,200 | 5,611,300 | 5,759,700 | 5,611,300 | 5,759,700 |
| Grants, Loans or Benefits | 264,149,000 | 264,149,000 | 264,149,000 | 264,149,000 | 264,149,000 |
| Capital Outlay | 775,000 | | | | |
| TOTAL EXPENDITURES | 285,918,600 | 286,316,300 | 286,527,400 | 286,316,300 | 286,527,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Federal Funds | 285,918,600 | 284,616,300 | 284,827,400 | 284,616,300 | 284,827,400 |
| TOTAL EXPENDITURES | 285,918,600 | 286,316,300 | 286,527,400 | 286,316,300 | 286,527,400 |
| EXPENDITURES BY UNIT | | | | | |
| Unemployment Insurance Administration | 21,819,600 | 22,217,300 | 22,428,400 | 22,217,300 | 22,428,400 |
| Unemployment Insurance Benefits | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 |
| TOTAL EXPENDITURES | 285,918,600 | 286,316,300 | 286,527,400 | 286,316,300 | 286,527,400 |

The purpose of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who become unemployed through no fault of their own, in the form of regular UI benefit payments in an amount determined by the claimant's wage history. Regular UI benefits are funded entirely through payment of the state unemployment taxes by employers within the state determined liable under KRS Chapter 341 based upon the size and duration of payroll.

Through Senate Bill 296 passed by the 1998 General Assembly, the Department obtained one-time funding for a major re-engineering effort that will radically transform the Unemployment Insurance and Employment Services programs from a paper-based process to an electronic environment. When completed in 2001, this initiative will result in more efficient use of staff by allowing a 20 percent shift of staff from processing paper to providing more intensive services to the public. This reform effort endorses the notion examined by the Kentucky Long-Term Policy Research Center in *The Leadership Challenge Ahead* whereby "technological innovation will become the centerpiece of reform as government strives to become more efficient." The initiative also juxtaposes especially well with Governor Patton's Empower Kentucky goal to "make state government more efficient and deliver better services to citizens." Once fully implemented, the Department will be the most technologically advanced agency of its kind in the nation.

Policy

Notwithstanding KRS 341.835, the Executive Budget provides that funds from the Unemployment Insurance Penalty and Interest Account may be used during each fiscal year of the biennium by the Department for Employment Services to operate employment and training programs.

**Workforce Development
Employment Services
Unemployment Insurance
Unemployment Insurance Benefits**

| | <u>Revised FY 2000</u> | <u>Requested FY 2001</u> | <u>Requested FY 2002</u> | <u>Recommended FY 2001</u> | <u>Recommended FY 2002</u> |
|------------------------------------|----------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| SOURCE OF FUNDS | | | | | |
| Federal Funds | | | | | |
| Balance Forward | 1,390,900 | | | | |
| Current Receipts | 262,708,100 | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 |
| Total Federal Funds | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> |
| TOTAL SOURCE OF FUNDS | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> |
| EXPENDITURES BY CLASS | | | | | |
| Grants, Loans or Benefits | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 |
| TOTAL EXPENDITURES | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Federal Funds | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 | 264,099,000 |
| TOTAL EXPENDITURES | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> | <u>264,099,000</u> |

Within the Department, the Division of Unemployment Insurance supports the claims activities initiated in the local offices of the Division of Field Services. In central office, the Benefit branch ensures and accounts for the proper payment of regular Unemployment Insurance (UI) and federal program benefits, including the determination of chargeability to a specific employer for the cost of each regular UI claim. In cases where benefits have been drawn in error, the branch pursues restitution and, if fraud was involved, will pursue prosecution of the claimant. The Benefits branch also operates an interstate claims "local office" to serve claimants covered under Kentucky law but filing from other states.

In addition to regular UI benefits, the program also administers payment of federal benefits, claims of unemployed federal employees and discharged military personnel, trade readjustment (unemployment resulting from foreign competition) and NAFTA (unemployment attributable to the specific trade treaty), Disaster Unemployment Assistance (in cases where a federal disaster area declaration is made), and Extended Unemployment Compensation. With the exception of partial payment from State UI funds in the case of some extended benefits, these programs are financed in entirety by employer federal unemployment tax collected by the Internal Revenue Service.

**Workforce Development
Employment Services
Unemployment Insurance
Unemployment Insurance Administration**

| | Revised FY 2000 | Requested FY 2001 | Requested FY 2002 | Recommended FY 2001 | Recommended FY 2002 |
|------------------------------------|--------------------|----------------------|----------------------|------------------------|------------------------|
| SOURCE OF FUNDS | | | | | |
| Restricted Funds | | | | | |
| Non-Revenue Receipts | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Total Restricted Funds | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Federal Funds | | | | | |
| Balance Forward | 460,100 | | | | |
| Current Receipts | 22,897,600 | 21,934,300 | 22,179,200 | 21,934,300 | 22,179,200 |
| Non-Revenue Receipts | -1,538,100 | -1,417,000 | -1,450,800 | -1,417,000 | -1,450,800 |
| Total Federal Funds | 21,819,600 | 20,517,300 | 20,728,400 | 20,517,300 | 20,728,400 |
| TOTAL SOURCE OF FUNDS | 21,819,600 | 22,217,300 | 22,428,400 | 22,217,300 | 22,428,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Cost | 15,800,400 | 16,556,000 | 16,618,700 | 16,556,000 | 16,618,700 |
| Operating Expenses | 5,194,200 | 5,611,300 | 5,759,700 | 5,611,300 | 5,759,700 |
| Grants, Loans or Benefits | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Outlay | 775,000 | | | | |
| TOTAL EXPENDITURES | 21,819,600 | 22,217,300 | 22,428,400 | 22,217,300 | 22,428,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| Restricted Funds | | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Federal Funds | 21,819,600 | 20,517,300 | 20,728,400 | 20,517,300 | 20,728,400 |
| TOTAL EXPENDITURES | 21,819,600 | 22,217,300 | 22,428,400 | 22,217,300 | 22,428,400 |

The administrative component of the Unemployment Insurance program provides benefit payments based on earnings in a specific transaction period. Revenues for administration of this program are derived from a federal unemployment tax on employers' payrolls.

The KRS Chapter 341 provides the statutory authority and structure for the operation of the Unemployment Insurance (UI) program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement and employer liability, KRS Chapter 341 conforms to federal unemployment law descending from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.